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## CHAPTER 1

## 1.1 MAYOR'S FOREWORD



Consistent excellence in service delivery continued to improve within the Cape Winelands District Municipality over the past financial year.

CWDM stayed true to the character and organisational culture of the municipality as set in their vision and mission namely:

- Commitment to the development of people;
- Integrity in the performance of our duty;
- Respect for our natural resources;
- Transparency in accounting for our actions;
- Regular consultation with customers on the level of quality of services;
- Higher levels of courtesy and professionalism in the workplace;
- Efficient spending and responsible utilisation of municipal assets; and
- Celebrating diversity.

To ensure inclusivity of our community, the IDP department consulted with communities within each B-municipal area through a series of stakeholder meetings. The municipality also invested in capacity building workshops to further capacitate the community to make informed inputs into the IDP process.

This public participation process allows communities themselves to determine the priorities for the district; to ensure a clean, peaceful and healthy environment for all.

I am happy to report that the council once again achieved a clean audit, making this the second in succession.

We also continued to implement cost containment measures during the past year such as:

- Decreasing travel and subsistence;
- Only critical posts filled;
- Decreasing consultancy fees;
- Decrease in catering costs and
- Decrease in congress expenses.

This ensured that we could allocate more funding towards service delivery projects as well as:

- Benevolent Fund that assist the poorest of the poor with burying their families;
- Mayoral Bursary Fund which enabled tertiary students to complete their studies;
- Provided skills training for CWDM employees and
- Provided Municipal Minimum Competency Levels (MMCL) training to CWDM employees.

The CWDM contributes to creating a better life for all its inhabitants. Money is spent on enabling employees and simultaneously investing in community members is testimony to our vision of creating an excellent district municipality.



Some of our key achievements for the 2015/2016 financial year include:

- Provided economic opportunities to SMMEs and small farmers;
- Providing job opportunities through programmes such as the Working for Water programme, clean up campaigns and river rehabilitation clearing projects;
- Our Fire Services attended to more than 1300 fires;
- Supported tourism development and events as well as sports programmes;
- Provided farmers with water and sanitation subsidies;
- Offered training to community members in business skills, hairdressing, sewing, plastering and painting skills;
- Offered a Driver's Licence training programme;
- Continued investment in sport infrastructure as well as ablution facility upgrades at rural schools;
- Supplying rural houses with sola hot water systems;
- Upgrading and maintaining our road infrastructure; and
- Providing assistive devices to our disabled communities.

In conclusion, I would like to commend the commitment of the councillors as well as the Municipal Manager together with his administration for steering the Cape Winelands District Municipality to the principles of good governance, sound financial management and impeccable internal control systems. This brings us closer to realising our vision of creating "A unified Cape Winelands of Excellence."

**EXECUTIVE MAYOR**  
**ALD CA DE BRUYN**

## 1.2 MUNICIPAL MANAGER'S OVERVIEW



The District Municipality is a category C municipality and in terms of the Constitution of the Republic of South Africa, 1996 it has legislative and executive authority and the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5.

The core functions and powers of the District Municipality are contained in the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998). Section 83 of the said Local Government: Municipal Structures Act deals with the general functions and powers of municipalities, whilst section 84 provides for the division of the powers and functions between a category B (local municipality) and a category C municipality (district municipality).

The District Municipality finances its functions and powers from a Regional Services Council Levy Replacement Grant from the National Department of Finances. The dependency of the district on grants from other spheres of government, notably National Treasury, compromises its ability to sustainably deliver quality services.

The municipality places focus on sharing and partnering with other entities to maximise the limited resources at its disposal. In this regard, we share information, planning and experiences on different platforms such as district liaison committee coordinated by the directorate Rural and social development division in partnership with sectors such as education, health, social development in the province of the western cape.

This municipality has an excellent working relationship with the Department of Roads and Public Works and fulfil the function of maintenance on certain proclaimed roads as an agent for the Department.

The municipality has a well-functioning Cape Winelands Liaison Committee which meets on a quarterly basis. The Committee consists of CWDM, Department of Education, Department of Social Development and Department of Health.

We are an Implementing agent on working for water project through expanded public works principle where small and medium contractors are supported.

During the course of the 2015/2016 financial year, the Cape Winelands District Municipality once again experienced a stable political and administrative environment with the post of Municipal Manager, as well as all posts of section 56 managers reporting directly to the Municipal Manager, being filled for the duration of the reporting period with the same incumbents.

A Clean Audit Report for the 2014/15 financial year was achieved. Audit action plans were put in place to address other matters. A Clean Audit Task Team was established during the financial year to monitor progress and to implement steps to rectify shortcomings.

The Municipality's revenue consist of 55% grants and 32% government allocations. The trend in revenue year on year is determined by the national and provincial budget allocations made by the respective government departments. From 2014/2015 to 2015/2016 the total revenue increased with 14.9%, but this increase is mainly



due to the increase in additional government allocations in respect of the roads function from the Department of Transport and Public Works. The municipality did not take up any loans in the 2015/2016 financial year.

The municipality has established a functioning fraud and risk management committee under the chairpersonship of the municipal manager that meets quarterly and reports to the audit committee and council regularly.

During this financial year, formal risk assessments of all departments have been completed and adequate measures to mitigate the top 5 risks of the Municipality have been developed and implemented. Further to this, all risks identified are continuously reviewed and updated.

**MUNICIPAL MANAGER**  
**MR M MGAJO**

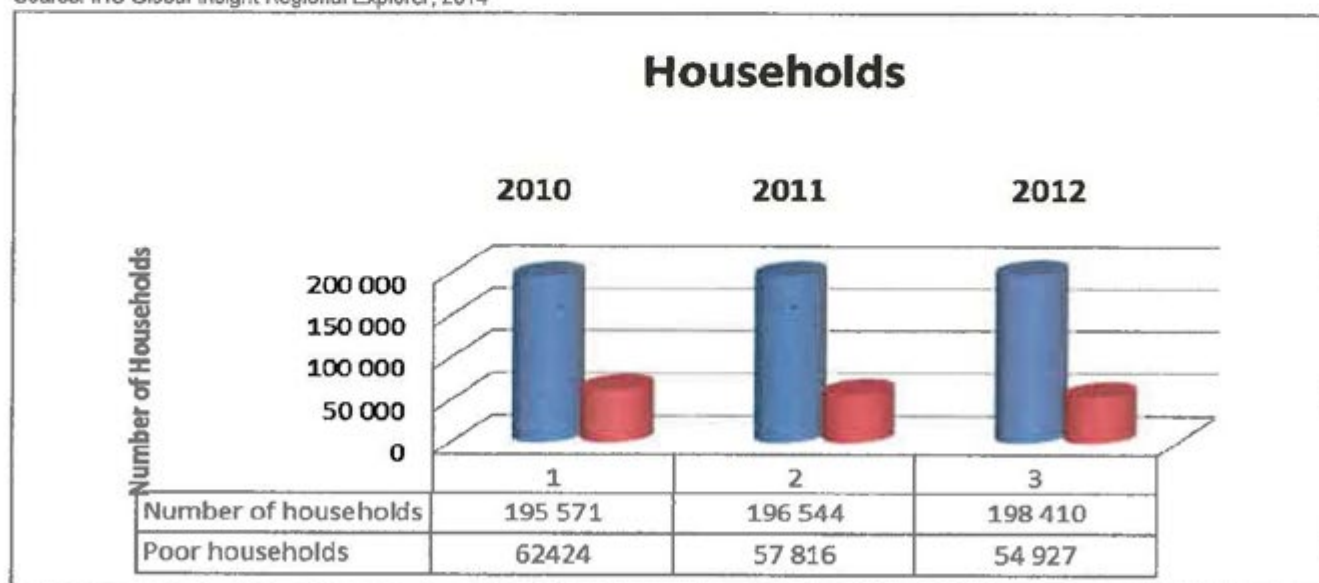
## 1.3 MUNICIPAL OVERVIEW - DEMOGRAPHICS

Age	POPULATION								
	Population in '000			Population in '000			Population in '000		
	2011			2012			2013		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	37 552	37 816	75 368	37 985	38 298	76 283	38 235	38 561	76 797
Age: 5-9	33 611	34 090	67 701	34 338	34 850	69 188	35 197	35 740	70 936
Age: 10-14	31 479	31 873	63 352	32 147	32 623	64 770	32 837	33 389	66 226
Age: 15-19	33 016	33 757	66 773	32 875	33 497	66 371	32 878	33 437	66 315
Age: 20-24	37 471	38 466	75 937	37 208	37 858	75 066	36 859	37 170	74 029
Age: 25-29	35 182	34 798	69 980	35 610	35 149	70 759	35 765	35 240	71 005
Age: 30-34	30 340	30 799	61 139	30 929	30 978	61 906	31 567	31 238	62 805
Age: 35-39	28 591	29 822	58 413	28 776	30 195	58 971	28 975	30 533	59 508
Age: 40-44	27 642	28 013	55 655	28 243	28 624	56 867	28 770	29 149	57 919
Age: 45-49	23 292	24 215	47 507	23 850	24 722	48 572	24 347	25 171	49 518
Age: 50-54	18 284	20 131	38 415	18 920	20 879	39 799	19 550	21 596	41 146
Age: 55-59	14 118	15 551	29 669	14 670	16 226	30 896	15 250	16 946	32 195
Age: 60-64	10 619	11 786	22 406	10 983	12 247	23 230	11 342	12 686	24 028
Age: 65-69	7 536	8 873	16 409	7 724	9 216	16 940	7 951	9 615	17 567
Age: 70-74	5 088	6 755	11 843	5 190	6 964	12 154	5 278	7 206	12 484
Age: 75+	5 635	8 241	13 876	5 845	8 616	14 460	6 020	9 012	15 032
<b>Total</b>	<b>379 456</b>	<b>394 985</b>	<b>774 441</b>	<b>385 292</b>	<b>400 941</b>	<b>786 233</b>	<b>390 821</b>	<b>406 690</b>	<b>797 511</b>

Source: IHS Global Insight Regional Explorer, 2015

T1.2.2

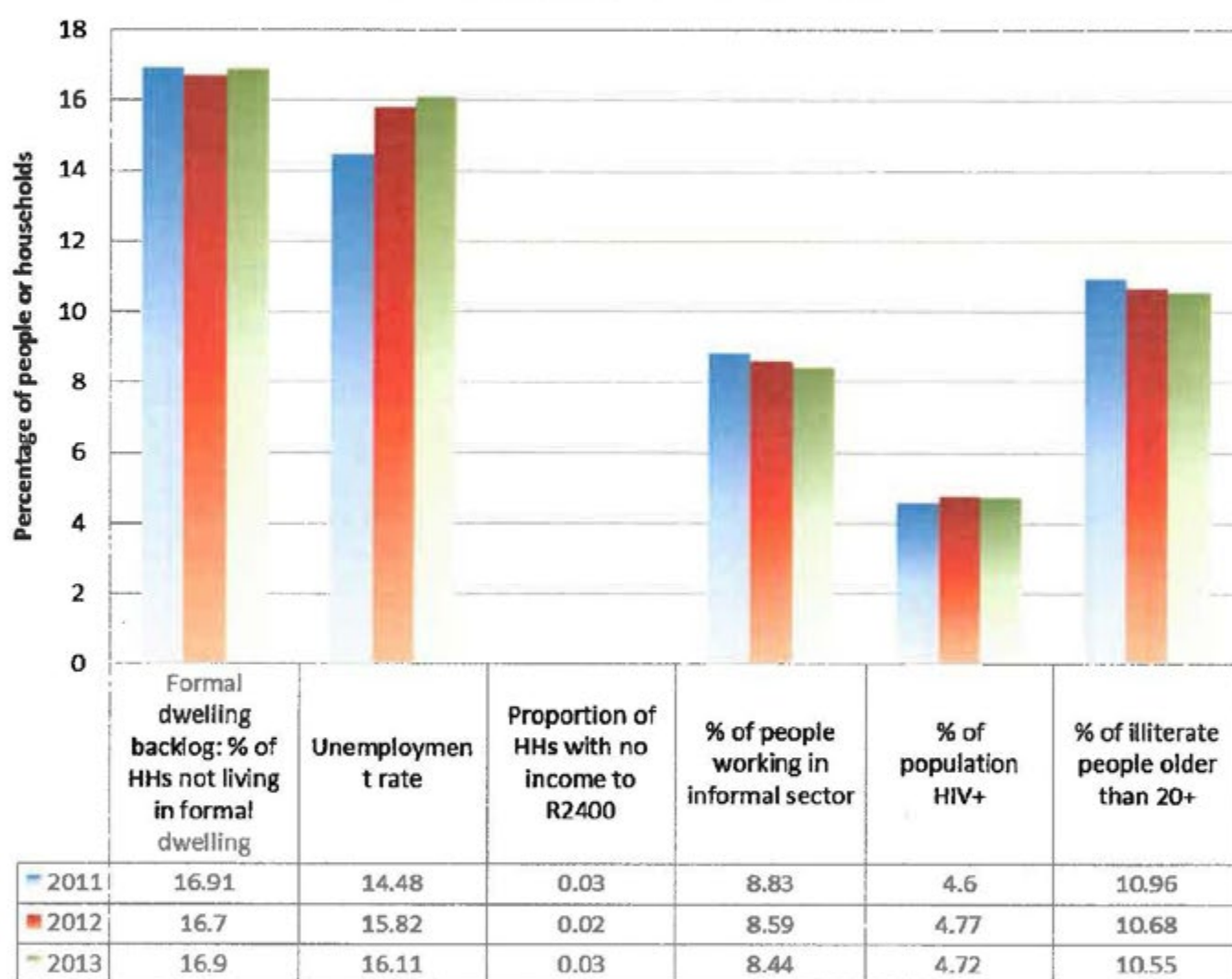
Source: IHS Global Insight Regional Explorer, 2014





Year	Formal dwelling backlog: % of HHs not living in formal dwelling	Unemployment rate	Proportion of HHs with no income to R2400	% of people working in informal sector	% of population HIV+	% of illiterate people older than 20+
2011	16.91	14.48	0.03	8.83	4.60	10.96
2012	16.70	15.82	0.02	8.59	4.77	10.68
2013	16.90	16.11	0.03	8.44	4.72	10.55

## SOCIO-ECONOMIC STATUS



Source: IHS Global Insight Regional Explorer, 2015  
T1.2.4

Area	POPULATION										Total
	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small-holdings	Vacant	Commercial	
DC2: Cape Winelands	508 404	39 786	0	194 809	241	19 668	2 075	14 196	1 364	6 947	787 490
WC022: Witzenberg	54 196	5 747	0	53 607	15	484	689	295	290	623	115 946
Witzenberg NU	0	0	0	52 200	0	0	0	0	0	0	52 200
Op-die-Berg	1 531	0	0	0	0	0	0	0	0	0	1 531
Meulstroom	0	0	0	1 084	0	0	0	0	0	0	1 084
Tulbagh	7 526	1 235	0	0	0	0	0	0	0	207	8 969
Prince Alfred Hamlet	5 614	736	0	324	0	0	136	0	0	0	6 810
Bella Vista	13 304	0	0	0	0	0	156	0	0	0	13 460
Ceres	8 938	0	0	0	15	227	397	295	215	326	10 413
Nduli	6 091	3 003	0	0	0	257	0	0	0	0	9 351
Wiseley	1 438	0	0	0	0	0	0	0	0	90	1 528
Pine Valley	3 493	773	0	0	0	0	0	0	75	0	4 340
Montana	6 262	0	0	0	0	0	0	0	0	0	6 262
WC023: Drakenstein	194 768	6 440	0	366 48	226	55 96	762	5 673	103	10 46	251 262
Saron	7 843	0	0	0	0	0	0	0	0	0	7 843
Drakenstein NU	123	0	0	366 48	71	0	0	154	0	0	36 995
Gouda	3 425	0	0	0	0	0	0	0	16	0	3 441
Onverwacht	396	0	0	0	0	434	0	0	0	0	830
Wellington	51 224	16 22	0	0	0	776	389	1 323	25	184	55 543
Diemersfontein	0	0	0	0	0	0	0	84	0	0	84
Mbekweni	28 893	1 982	0	0	0	0	0	0	0	0	30 875
Paarl	101 138	28 37	0	0	155	4 386	373	2 232	62	862	112 045
Val de Vie	303	0	0	0	0	0	0	0	0	0	303
Watervliet	476	0	0	0	0	0	0	0	0	0	476
Victor Verster	947	0	0	0	0	0	0	1 880	0	0	2 827



POPULATION											
Area	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small-holdings	Vacant	Commercial	Total
WC024: Stellenbosch	94281	19155	0	28342	0	4108	108	7931	179	1629	155733
Klapmuts	6717	664	0	0	0	0	0	0	83	238	7703
Stellenbosch NU	0	0	0	28342	0	0	0	7228	0	0	35570
Eisenburg	564	0	0	0	0	0	0	0	0	180	744
De Hollandsche Molen	192	0	0	0	0	0	0	0	0	0	192
Koelenhof	302	0	0	0	0	0	0	0	0	0	302
Pniel	1975	0	0	0	0	0	0	0	0	0	1975
Franschhoek	12963	4434	0	0	0	0	0	0	0	159	17556
Languedoc	4289	0	0	0	0	0	0	0	0	0	4289
Wiesedraai	1727	0	0	0	0	0	0	0	0	0	1727
Walgevonden	2138	0	0	0	0	0	0	0	0	355	2493
Cloetesville	15390	0	0	0	0	0	0	0	0	0	15390
Khayamandi	10588	14056	0	0	0	0	0	0	0	0	24645
Papegaai	0	0	0	0	0	0	0	0	0	0	0
La Colline	1379	0	0	0	0	118	0	0	0	0	1497
Tennantville	563	0	0	0	0	0	0	0	0	0	563
Kylemore	4328	0	0	0	0	0	0	0	0	0	4328
Idasvallei	8762	0	0	0	0	0	0	0	0	0	8762
Stellenbosch	14589	0	0	0	0	3990	-	0	7	482	19068
Onder Papegaalberg	1415	0	0	0	0	0	0	0	89	0	1504
Devon Valley	0	0	0	0	0	0	0	0	0	215	215
Robertsval	9	0	0	0	0	0	0	0	0	0	9
Dalsig	1234	0	0	0	0	0	0	0	0	0	1234
Kleingeluk	226	0	0	0	0	0	0	0	0	0	226
Paradyskloof	1614	0	0	0	0	0	0	0	0	0	1614

Area	POPULATION										Total
	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small holdings	Vacant	Commercial	
Brandwacht	265	0	0	0	0	0	0	0	0	0	265
Jamestown	2136	0	0	0	0	0	0	703	0	0	2840
Lynedoch	0	0	0	0	0	0	108	0	0	0	108
Railby	908	0	0	0	0	0	0	0	0	0	908
Stellenbosch Rural	5	0	0	0	0	0	0	0	0	0	5
WC025: Breede Valley	10090	6849	0	46186	0	8671	299	53	400	3377	166825
Touwsrivier	8016	0	0	0	0	0	34	53	23	0	8126
Breede Valley NU	0	0	0	46075	0	0	0	0	0	0	46075
De Doorns	10476	0	0	107	0	0	0	0	0	0	10683
Hassie Square	0	522	0	0	0	0	0	0	0	0	522
Ekupumeleni	0	173	0	0	0	0	0	0	0	0	173
Zweletemba	14260	3912	0	0	0	0	0	0	0	0	18172
Worcester	65375	2243	0	0	0	7500	265	0	377	3146	78906
Rawsonville	2864	0	0	4	0	0	0	0	0	231	3099
Brandvlei	0	0	0	0	0	1171	0	0	0	0	1171
WC026: Langeberg	64169	1595	0	30026	0	809	217	244	392	272	97724
Montagu	14019	365	0	0	0	363	92	0	317	0	15176
Langeberg NU	0	0	0	28292	0	0	0	0	0	0	28292
Robertson	21285	0	0	0	0	446	8	0	22	168	21929
Nkqubela	5786	0	0	0	0	0	0	0	0	0	5786
Zolani	5598	0	0	0	0	0	0	0	0	0	5598
Ashton	6876	0	0	734	0	0	117	0	0	0	7727
Bonnievale	8052	643	0	0	0	0	0	244	49	104	9092
McGregor	2553	567	0	0	0	0	0	0	4	0	3125

Statistics South Africa; Descriptive\_Sub\_Place; Geography by Enumeration area type for Person weighted



Area	HOUSEHOLDS										Total
	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small-holdings	Vacant	Commercial	
DC2: Cape Winelands	131546	14154	0	44150	66	2683	524	2729	330	2083	198265
WC022: Witzenberg	13329	2004	0	11544	4	68	147	62	62	198	27419
Witzenberg NU	0	0	0	11278	0	0	0	0	0	0	11278
Op-die-Berg	296	0	0	0	0	0	0	0	0	0	296
Meulstroom	0	0	0	181	0	0	0	0	0	0	181
Tulbagh	1834	489	0	0	0	0	0	0	0	91	2413
Prince Alfred Hamlet	1355	37	0	86	0	0	33	0	0	0	1511
Beila Vista	2724	0	0	0	0	0	29	0	0	0	2753
Ceres	2431	0	0	0	4	46	85	62	44	77	2749
Nduli	1866	1101	0	0	0	22	0	0	0	0	2989
Wolseley	488	0	0	0	0	0	0	0	0	30	518
Pine Valley	946	378	0	0	0	0	0	0	18	0	1342
Montana	1388	0	0	0	0	0	0	0	0	0	1388
WC023: Drakenstein	48062	1614	0	7894	62	871	203	689	24	356	59774
Saron	1913	0	0	0	0	0	0	0	0	0	1913
Drakenstein NU	42	0	0	7894	17	0	0	25	0	0	7978
Gouda	825	0	0	0	0	0	0	0	4	0	829
Onverwacht	134	0	0	0	0	24	0	0	0	0	158
Wellington	12137	47	0	0	0	68	129	337	7	87	12812
Diemersfontein	0	0	0	0	0	0	0	26	0	0	26
Mbekweni	7484	855	0	0	0	0	0	0	0	0	8339
Paarl	25059	712	0	0	45	779	74	301	13	269	27252
Val de Vie	95	0	0	0	0	0	0	0	0	0	95
Watervliet	150	0	0	0	0	0	0	0	0	0	150
Victor Verster	223	0	0	0	0	0	0	0	0	0	223

CAPE WINELANDS DISTRICT MUNICIPALITY 2015/2016 ANNUAL REPORT

HOUSEHOLDS											
Area	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small-holdings	Vacant	Commercial	Total
WC024: Stellenbosch	26735	7857	0	6384	0	115	23	1900	41	566	43420
Klapmuts	1586	288	0	0	0	0	0	0	17	67	1958
Stellenbosch NU	0	0	0	6384	0	0	0	1749	0	0	8133
Eisenburg	112	0	0	0	0	0	0	0	0	32	145
De Hollandsche Molen	89	0	0	0	0	0	0	0	0	0	89
Koelenhof	70	0	0	0	0	0	0	0	0	0	70
Priel	497	0	0	0	0	0	0	0	0	0	497
Franschhoek	3491	2040	0	0	0	0	0	0	0	55	5586
Langedoc	946	0	0	0	0	0	0	0	0	0	946
Wiesedraai	429	0	0	0	0	0	0	0	0	0	429
Welgevonden	882	0	0	0	0	0	0	0	0	189	1071
Cloetesville	3204	0	0	0	0	0	0	0	0	0	3204
Khayamandi	3240	5329	0	0	0	0	0	0	0	0	8568
Papegaai	0	0	0	0	0	0	0	0	0	0	0
La Colline	452	0	0	0	0	53	0	0	0	0	505
Tennantville	125	0	0	0	0	0	0	0	0	0	125
Kylemore	994	0	0	0	0	0	0	0	0	0	994
Idasvallei	2127	0	0	0	0	0	0	0	0	0	2127
Stellenbosch	6133	0	0	0	0	62	0	0	0	186	6382
Onder Papegaalberg	460	0	0	0	0	0	0	0	23	0	483
Devon Valley	0	0	0	0	0	0	0	0	0	37	37
Robertsvlei	3	0	0	0	0	0	0	0	0	0	3
Dalsig	436	0	0	0	0	0	0	0	0	0	436
Klingeluk	107	0	0	0	0	0	0	0	0	0	107
Paradyskloof	594	0	0	0	0	0	0	0	0	0	594



Area	HOUSEHOLDS										Total
	Formal residential	Informal residential	Traditional residential	Farms	Parks and recreation	Collective living quarters	Industrial	Small-holdings	Vacant	Commercial	
Brandwacht	91	0	0	0	0	0	0	0	0	0	91
Jamestown	451	0	0	0	0	0	0	151	0	0	602
Lynedoch	0	0	0	0	0	0	23	0	0	0	23
Raithby	217	0	0	0	0	0	0	0	0	0	217
Stellenbosch Rural	3	0	0	0	0	0	0	0	0	0	0
WC025: Breede Valley	26365	2525	0	10946	0	1615	84	16	95	882	42527
Touwsrivier	1869	0	0	0	0	0	7	16	12	0	1904
Breede Valley NU	0	0	0	10921	0	0	0	0	0	0	10921
De Doorns	3040	0	0	22	0	0	0	0	0	0	3062
Hassie Square	0	170	0	0	0	0	0	0	0	0	170
Ekupumeleni	0	71	0	0	0	0	0	0	0	0	71
Zweletemba	4222	1528	0	0	0	0	0	0	0	0	5750
Worcester	16531	756	0	0	0	1416	77	0	83	819	19682
Rawsonville	704	0	0	3	0	0	0	0	0	63	770
Brandvlei	0	0	0	0	0	199	0	0	0	0	199
WC026: Langeberg	17056	353	0	7382	0	14	67	63	108	81	25125
Montagu	3771	137	0	0	0	6	21	0	94	0	4029
Langeberg NU	0	0	0	7183	0	0	0	0	0	0	7183
Robertson	6614	0	0	0	0	8	3	0	3	48	5676
Nikubela	1849	0	0	0	0	0	0	0	0	0	1849
Zolani	1580	0	0	0	0	0	0	0	0	0	1580
Ashlon	1535	0	0	199	0	0	43	0	0	0	1777
Bonnievale	2061	210	0	0	0	0	0	63	10	33	2376
McGregor	647	6	0	0	0	0	0	0	0	0	654

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## 1.4 MUNICIPAL OVERVIEW - SERVICE DELIVERY



## INTRODUCTION

The Cape Winelands District Municipality has contributed towards the installation of two hundred and eighty four (284) solar warm water systems to farm worker cottages within our jurisdiction area. In addition, sanitation and water services at eleven rural schools have been upgraded.

## COMMENT ON ACCESS TO BASIC SERVICES

Shortfalls with regard to service delivery seems to be the provision of solar warm water systems to farm workers and water and sanitation facilities at rural schools. The schools get bigger with the addition of Grade R classes and the closure of smaller schools. Sport facilities within the rural areas are also a need and Council's contribution towards development of such facilities is appreciated by the rural community.

## 1.5 MUNICIPAL OVERVIEW - FINANCIAL HEALTH

## FINANCIAL OVERVIEW

FINANCIAL OVERVIEW - 2016/2016			
R' 000			
Details	Original budget	Adjustment Budget	Actual
<b>Income</b>			
Grants	229 175	229 175	222 733
Taxes, levies and tariffs	165	165	2 503
Other	170 587	170 587	161 397
Sub-total	399 927	399 927	386 633
<b>Less Expenditure</b>	<b>399 597</b>	<b>396 695</b>	<b>337 635</b>
<b>Less (Loss)/Gain on Disposal of Assets and Liabilities</b>	<b>330</b>	<b>3 232</b>	<b>3 217</b>
<b>Net Total*</b>	<b>-</b>	<b>-</b>	<b>45 781</b>
T1.4.2			



**STATUTORY ANNUAL REPORT PROCESS**

No	Activity	Timeframe
1	Consideration of next financial year's budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report process at the end of the budget/IDP implementation period.	July 2015 – August 2015
2	Implementation and monitoring of approved budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year.	
4	Submit draft 2014/2015 Annual Report to Internal Audit and Auditor-General.	
5	Municipal entities submit draft annual reports to MM (n/a).	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	August 2015
7	Mayor tables the unaudited Annual Report.	
8	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor-General.	
9	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase.	
10	Auditor-General audits Annual Report including consolidated Annual Financial Statements and performance data.	September 2015 – November 2015
11	Municipalities receive and start to address the Auditor-General's comments.	October 2015 – November 2015
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report.	
13	Audited Annual Report is made public and representation is invited.	
14	Oversight Committee assesses Annual Report.	January 2016
15	Council adopts Oversight Report.	
16	Oversight Report is made public.	
17	Oversight Report is submitted to relevant provincial councils.	
18	Commencement of draft budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	February 2016

**COMMENT ON THE ANNUAL REPORT PROCESS**

The 2015/2016 Annual Report was prepared in the new format, where possible.

The District Municipality complies fully with the alignment between the Integrated Development Plan, the Service Delivery and Budget Implementation Plan, Performance Management System and the Annual Report due to the duplication of templates and information (aligned) throughout all the documents.

Operating Ratios	
Detail	%
Employee Cost	46%
Repairs & Maintenance	17%
Finance Charges & Depreciation	2%
	T1.4.3

## 1.6 MUNICIPAL OVERVIEW - ORGANISATIONAL DEVELOPMENT

The organisational structure of the Cape Winelands District Municipality has remained unchanged during the 2015/2016 financial year.

All posts on the staff establishment of the Cape Winelands District Municipality have approved job descriptions and during the 2015/2016 financial year revised job descriptions have been submitted and evaluated in respect of a few posts which resulted from the outcomes of the TASK Job Evaluation appeals process.

A Regional TASK Job Evaluation Unit has been established under the leadership of the Cape Winelands District Municipality which includes all the five local municipalities within the area of jurisdiction of the CWDM consisting of trained employees to evaluate posts on the approved staff establishments of the participating municipalities.

### AUDITOR-GENERAL REPORT: YEAR 2014/2015

A Clean Audit Report for the 2014/15 financial year was achieved. This was the second consecutive year that the Cape Winelands District Municipality has managed to achieve this.

Audit action plans were put in place to address other matters. In addition, a Clean Audit Task Team was established during the financial year to monitor progress and to implement steps to rectify shortcomings.



## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Under the strong political leadership of the Democratic Alliance as well as sound intergovernmental relations and administrative governance, the Cape Winelands District Municipality ensures public accountability and participation by all citizens and role-players in the area of the Cape Winelands District.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Administrative governance at the Cape Winelands District Municipality is strengthened by the strong and stable political leadership of the Democratic Alliance through the implementation of policies and to ensure the legal frameworks are enforced impartially.

## POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

The Cape Winelands District Municipality ensures that all political parties represented in Council are represented on the various committees of Council. This ensures a stable political environment and buy-in from all parties with regard to recommendations/resolutions and ensures that Council applies its mind on all matters.

(1) Section 79 Committees of the Cape Winelands District Municipality consist of the following:

- Rules Committee; and
- Municipal Public Accounts Committee.

The main focus of section 79 Committees is to ensure effective and efficient performance of any of its functions or the exercising of any of its powers.

The Municipal Council determines the functions of a section 79 Committee and has delegated duties and powers to it. Council appoints the Chairperson.

(2) Section 80 Committees of the Cape Winelands District Municipality consist of the following:

- Financial and Corporate Services Committee;
- Economic Growth and Infrastructure Services Committee; and
- Social and Community Development Services Committee.

The main function of section 80 Committees is to assist the Executive Mayor and to represent the various departments of the Cape Winelands District Municipality, as well as the functions regarding the Integrated Development Plan (IDP).

The Executive Mayor appoints the Chairperson of such Committees from his/her Executive Committee and may delegate any powers/duties to them. Section 80 Committees must report to the Executive Mayor.

The following Statutory Committees have been established by the Cape Winelands District Municipality as required by legislation:

- Training Committee; and
- Local Labour Forum.

### **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

The Municipal Public Accounts Committee (MPAC) of the Cape Winelands District Municipality is established in terms of section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998). For transparency and ethical reasons, the Chairperson is appointed from the membership of the political parties represented in the Cape Winelands District Municipality, other than the majority party.

The Municipal Public Accounts Committee (MPAC) considers various matters as contained in Appendix "B" of the Annual Report and is considered essential to the running and sound political governance of the Cape Winelands District Municipality.

### **AUDIT COMMITTEE**

Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), states that "each municipality and each municipal entity must have an audit committee" and section 166(4)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that "an audit committee must consist of at least three persons with appropriate experience". The Audit Committee of the Cape Winelands District Municipality is an independent advisory body and currently consists of four members from the private sector who have been appointed by Council. With reference to the Cape Winelands District Municipality Audit Charter, the Audit Committee assists the Council by providing inputs to ensure effective systems that complement service delivery, the safeguarding of municipal assets, the maintenance of financial records, risk management, information technology (IT) governance, effective corporate governance and an effective internal control system. The Audit Committee also investigates matters within the scope of the committee's duties, if referred to by Council.

Furthermore, the Audit Committee provides independent specialist advice on financial performance, efficiency and effectiveness, performance management and compliance with legislation.



## POLITICAL STRUCTURE



**Ald CA de Bruyn**  
**Executive Mayor**



**Cllr HM Jansen**  
**Deputy Executive Mayor**



**Cllr C Meyer**  
**Speaker**



**Cllr G Stalmeester**  
**Chief Whip**



**Cllr (Dr) H von Schlicht**  
**Portfolio Holder:**  
**Corporate & Human**  
**Resource Management**  
**and Rural Development**



**Ald (Dr) NE Kahberg**  
**Portfolio Holder:**  
**Financial and Strategic**  
**Support Services**



**Cllr LX Mdemka**  
**Portfolio Holder:**  
**Social Development / Youth /**  
**Disabled**



**Cllr GJ Carinus**  
**Portfolio Holder:**  
**Engineering &**  
**Infrastructure Services**



**Cllr RB Arnolds**  
**Portfolio Holder:**  
**Special Programmes**



**Cllr JRF Torr**  
**Portfolio Holder:**  
**Technical & Community and**  
**Development Services**



**Cllr JJ du Plessis**  
**Portfolio Holder:**  
**Tourism & Planning Services**  
**and Local Economic**

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## COUNCILLORS

Total number of Councillors:	40
Directly elected Councillors:	24
Proportionally elected Councillors:	16

*Attached as Appendix A is a full list of Councillors.*

*Attached as Appendix B is a list of committees and committee purposes.*

## POLITICAL DECISION-MAKING

Number of Council resolutions:	78 (All resolutions implemented)
Number of Mayoral Committee resolutions:	Ordinary meetings – 90
Number of Mayoral Committee resolutions:	Confidential meetings – 8
Number of Mayoral Committee resolutions not tabled before Council:	None

## ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager primarily serves as chief custodian of service delivery and ensures the implementation of political priorities. During the 2015/2016 financial year the Municipal Manager provided strategic and management leadership in various fields and projects.

Good governance has eight major characteristics (participatory, consensus-orientated, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law). It assures that corruption is minimised, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

The Municipal Manager identified the following focus areas, namely:

- Basic service delivery that covers, inter alia, the effective management and maintenance of the infrastructure of the district municipality;
- Social upliftment and economic development as well as establishing an environment that is conducive to local economic development and the development of projects and strategies;
- The optimisation of financial resources through efficient financial management;
- Good governance that includes community participation, effective communication and sound municipal administration; and
- Establishment of a safe community through efficient disaster management, fire services and environmental health.

Community participation in municipal decision-making is of utmost importance and the Municipal Manager encouraged and created conditions for the local community to participate in the affairs of the district municipality through IDP forums and meetings. During the 2015/2016 financial year, all Section 56 positions were filled. This has created a stable platform of management expertise which guides the district municipality into a prosperous future. Interaction, as well as the ability to work with Section 56 appointees as an efficient management team provided professional leadership, proving once again that the district municipality's human resources are our greatest asset. Interaction with the Executive Mayor and Portfolio Councillors has resulted in an effective governing body providing sound political leadership, which is essential for successful local governance.

The Municipal Manager had also developed a culture of municipal governance that complements formal



representative government with a system of participatory governance, as such participation is required in terms of:

- The preparation, implementation and review of the IDP;
- The establishment, implementation and review of the Performance Management System;
- The monitoring and review of performance, including the outcomes and impact of such performance; and
- The preparation of the municipal budget.

In terms of Section 83(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager has implemented effective bidding structures to minimise the possibility of fraud and corruption and in terms of Section 112(1)(m)(i) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the Municipal Manager has identified supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Furthermore, in terms of Section 115(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the Municipal Manager, as the accounting officer, has taken steps to ensure mechanisms and separation of duties in the supply chain management system to minimise the likelihood of corruption and fraud.

The Municipal Manager has also in terms of Section 165(2)(a) and (b)(iv) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), ensured effective operation of the Internal Audit Unit. The said Internal Audit Unit has prepared a risk-based audit plan and an internal audit programme for the financial year and has advised the Municipal Manager on the implementation of the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk management, performance management and compliance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and any other applicable legislation. As local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community and as statutory enactments all require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities, the Municipal Manager ensures that the District Municipality's website serves as a tool for community communication. Furthermore, Section 75 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) requires that municipalities publish key documents and information on their website, including the IDP, the annual budget, adjustment budgets and budget related documents and policies.

In terms of Section 83(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), the Municipal Manager, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). In view of the aforementioned, the Municipal Manager ensured that the necessary training was arranged for the officials of the district municipality in order to meet the competency levels prescribed in the regulations.

The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as well as the Local Government: Municipal Planning and Performance Management Regulations, 2001 require municipalities to adopt a performance management system. Once the IDP and budget were prepared and approved, the Municipal Manager ensured that the district municipality had prepared their Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and MFMA Circular 13. The SDBIP indicates monthly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The district municipality has assessed its performance on a monthly basis and reported progress on performance against set targets to Council quarterly and ultimately presents the annual performance results in this Annual Report.

TOP ADMINISTRATIVE STRUCTURE



**M Mgajo**  
**Municipal Manager:**



**CV Schroeder**  
**Executive Director:**  
**Community**  
**Development and**  
**Planning Services**



**F van Eck**  
**Executive Director:**  
**Technical Services**



**FA du Raan-Groenewald**  
**Chief Financial Officer:**  
**Financial and Strategic**  
**Support Services**



**COMPONENT B: INTER-GOVERNMENTAL RELATIONS****INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTER-GOVERNMENTAL RELATIONS**

Good cooperative governance and inter-governmental relations is important to the Cape Winelands District Municipality as a sphere of government, due to the fact that the district municipality is often the first, or even only, sphere of government that citizens interact with on a regular basis, with specific reference to the rural area.

Public confidence in the Cape Winelands District Municipality can only be assured by operating according to the requirements and spirit of co-operative governance and intergovernmental relations. The district municipality has the responsibility to govern its region, taking into account the above mentioned components to create an open society for all.

Inter-governmental relations give effect to good governance according to democratic principles and also provide a platform for effective public participation in the region.

**INTER-GOVERNMENTAL RELATIONS****NATIONAL INTER-GOVERNMENTAL STRUCTURES**

The Cape Winelands District Municipality actively participates in national intergovernmental structures and takes part in the agenda-setting process.

In this regard there is both direct and indirect engagement on a political and senior management level with regard to the following structures:

President's Coordinating Council, National Municipal Managers' Forum, National IDP Managers' Forum, National LED Managers' Forum, the various SALGA National Working Groups, the National Public Participation Task Team and others.

Through this process and engagements, topics directly linked to the district municipality and local municipalities in its area of jurisdiction are elevated to a national level, which ensures greater co-ordination.

**PROVINCIAL INTER-GOVERNMENTAL STRUCTURES**

The Cape Winelands District Municipality actively participates in all provincial intergovernmental structures and is committed to the agenda-setting process.

In this regard there is direct engagement on a political and senior management level with regard to the following provincial structures:

Premier's Coordinating Forum and Technical Committee, Western Cape Municipal Managers' Forum, the Chief Financial Officers' Forum, Provincial IDP Managers' Forum, Provincial LED Managers' Forum, the various SALGA Provincial Working Groups, the Provincial Public Participation Forum and others.

Through this process, all agenda settings and engagement matters relating to the Cape Winelands District Municipality and local municipalities in its area of jurisdiction are elevated to a provincial level. This ensures that matters are addressed at this level and more extensive co-ordination is ensured.

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

No municipal entities.

## DISTRICT INTER-GOVERNMENTAL STRUCTURES

Sound district inter-governmental structures are imperative to the Cape Winelands District Municipality and are driven by the District IDP focusing on common goals for the district in collaboration with local municipalities within the area of jurisdiction of the Cape Winelands District Municipality.

These common goals form part of the provincial and national KPIs and go hand in hand with the National Development Plan. The following forums are operational at a district level:

District Coordinating Forum and Technical Committee (Municipal Managers' Forum), IDP Coordinating Committee, Multi-Sectoral Forum, District Safety Forum, Disaster Management Advisory Forum, IDP/PMS & PPCOM forum incorporating IDP - public participation- Performance management and communicators, District Internal Auditors' Forum, LED Managers' Forum and others.

The sound co-operation and inter-governmental relations at a district level are maintained and strengthened through lateral engagements on a regular basis between the district municipality and local municipalities within the area of jurisdiction of the district municipality.

The benefits of sound inter-governmental relations at a district level ensure that problems are resolved to ensure a cost-effective service to the community and benefiting the region as a whole through the elimination of duplication.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

A two day IDP and Participatory Democracy Capacity Building intervention Workshop was held with the IDP Representative Forums from each district. The end goal of the workshop was to understand the local municipality in terms of how municipalities are interpreting and practicing public participation and whether there is best practice and emerging trends.

### PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Cape Winelands District Municipality conducts meetings in collaboration with local municipalities that are situated in the Cape Winelands municipal area of jurisdiction. Sector meetings were conducted by the Cape Winelands District Municipality its local municipalities with organized structures, businesses, ward committees and sector departments.

The idea of the CWDM sharing a platform with the local municipalities went well in 2015/2016. The public provided input and comments on municipal functioning and these input were coordinated in a simple manner and incorporated in the strategic planning process.





**PUBLIC MEETINGS****COMMUNICATION, PARTICIPATION AND FORUMS**

Various public engagements took place district-wide. To avoid duplication, the Cape Winelands District Municipality opted to conduct some engagements in collaboration with the local municipalities. Open public consultation meetings were held and in some cases the stakeholders were grouped according to the sectors they represent. Community meetings were conducted in the evenings and meetings with some organizations and business sectors were conducted during the day. The public participation and communication officials serve on the Provincial and District Participation and Communications' Forum, where milestones, red flags and challenges are shared to improve public participation and communication in the Cape Winelands Municipal District.

The workshops on Participatory Democracy Capacity Building assist in improving efficiency and effectiveness, as the CWDM currently meets with informed stakeholders. Different methods are used to communicate with our stakeholders, which include the website publishing of the calendar of activities, roadmap and strategic management framework, which contain activities that will be taking place for the entire year. Public notices and radio talk shows are also utilized as a means of communication.

**WARD COMMITTEES**

The Cape Winelands District Municipality does not have ward committees: ward committees are a function of the local municipality within the district. These committees do however provide valuable support in terms of organizing sectors and assisting with the mobilization for public engagements as they know the communities better and a vast amount of information is obtained from them.

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

PUBLIC MEETINGS						
Nature of the Meeting	Date of the Event	Number of Participating Councillors	Number of Participating Municipal Administrators	Number of Participating Community Members	Issues Addressed (Yes/No)	Date and Manner of Feedback to Community
Cape Winelands District Municipality	18/11/2015	6	6	107	Yes	Same day and some through correspondence
Drakenstein Municipality	14/09 - 13/10/2015	91	614	2 277	Yes	Same day and some through correspondence
	04/04 - 26/04/2016	89	407	1 485		
Stellenbosch Municipality	01/09 - 30/11/2015	60	194	716	Yes	Same day and some through correspondence
	02/12/2015	10	36	43		
	01 - 30/04/2016	20	234	544		
Witzenberg	12- 20/10/2015	34	61	351	Yes	Same day and some through correspondence
	05- 14/04/2016	18	63	301		
Langeberg	20/10 - 05/11/2015	22	50	526	Yes	Same day and some through correspondence
	19/04/2016	1	4	127		
	23/04/2016	8	11	75		
Breede Valley	08/09 - 14/10/2015	23	113	1 075	Yes	Same day and some through correspondence
	31/03 - 25/04/2016	26	131	1 508		

T 2.4.1



**COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD**

The Cape Winelands District Municipality, during its IDP analysis phase, received a substantial number of verbal inputs during public participation meetings and quite a number of written submissions. These issues were circulated internally to Executive Directors for input and comment and thereafter were presented to the Mayoral Committee and Council for consideration.

After the draft IDP and budget were approved by the Council of the Cape Winelands District Municipality, the comments provided by stakeholders during the compulsory consultative phase, including an IDP/Budget Hearing, were considered by the Executive Mayor as prescribed by the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

**IDP PARTICIPATION AND ALIGNMENT**

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarterly aligned reports submitted within stipulated timeframes?	Yes
T 2.5.1	

**COMPONENT D: CORPORATE GOVERNANCE****OVERVIEW OF CORPORATE GOVERNANCE**

Through corporate governance the Cape Winelands District Municipality converges funds and relationships with various stakeholders to determine its mission and vision and to optimize resources to promote accountability and cost-effective services to the public.

In view of the fact that corporate governance determines the success or failure of a municipality, the Cape Winelands District Municipality closely monitors its business principles through policy guidelines, risk management and political oversight to ensure compliance and with a view to obtain a clean audit.

**RISK MANAGEMENT**

Section 62 of the Local Government: Municipal Finance Management Act 2003 (Act No. 56 of 2003) states that the accounting officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as the effective, efficient and economical use of the resources of the municipality.

The Enterprise Risk Management Framework (ERM) aims to ensure that risks that could impede the achievement of objectives are managed better and mitigated earlier, thereby improving the district municipality's ability to carry out its mission and achieve its goals.

The Fraud and Risk Management Committee (FARMCO) is guided by a Terms of Reference which is in compliance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The CWDM's FARMCO consists of the Municipal Manager, Executive Directors, the Director: IDP, Performance and Risk Management, the Deputy Director: Performance and Risk Management, the Senior Manager: Internal Audit and also one independent member not employed by the municipality.

During the 2015/2016 financial year, the unit was responsible for risk management training, enhancing performance measurements and monitoring compliance with the ERM policy and framework. ERM further continues to endeavour to assist in enhancing service delivery through the optimal utilisation of scarce resources.

Although the Deputy Director: Performance and Risk Management is responsible for risk management, management took ownership of risks and the mitigation thereof.

**ANTI-CORRUPTION AND FRAUD****FRAUD AND ANTI-CORRUPTION STRATEGY**

Section 83(c) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), Section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices.

Section 115(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

The Cape Winelands District Municipality has adopted a zero tolerance for fraudulent and corrupt activities.



## SUPPLY CHAIN MANAGEMENT

### OVERVIEW OF SUPPLY CHAIN MANAGEMENT

Prescribed supply chain management processes and procedures as per the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), Sections 110 to 119 and the Supply Chain Management Regulations, 2005 are in place and maintained. Procurement plans are submitted by service departments to improve demand management. This enables and support the SCM Unit to maintain and execute the municipality's demand plan which ultimately contribute to more effective service delivery. The district municipality endeavours to maintain an effective supplier database to acquire the necessary goods and services, however, it is reliant on the cooperation of the suppliers.

The recent implementation of the CSD (Central Supplier Database) of National Treasury have a positive effect on suppliers and they are more responsive to the municipality's requests for information and documentation.

### COMMENT ON BY-LAWS

No new by-laws were promulgated.

## WEBSITES

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustment budgets and all budget-related documents	Yes	03/03/2015
All current budget-related policies	Yes	15/09/2015
The previous annual report 2014/2015	Yes	03/01/2016
The annual report 2014/2015 published/to be published	Yes	27/02/2016
All current performance agreements for 2015/2016, required in terms of Section 57(1)(b) of the Municipal Systems Act, 2000 (Act No. 32 of 2000), and resulting scorecards	Yes	17/06/2016
All service delivery agreements 2015/2016	N/A	N/A
All long-term borrowing contracts 2015/2016	N/A	N/A
All supply chain management contracts above a prescribed value (R30,000) for 2015/2016	Yes	20/04/2016
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of the Local Government: Municipal Finance Management Act 2003, Section 14(2) or (4) during 2013/2014	N/A	N/A
Contracts agreed in 2015/2016 to which Subsection (1) of Section 33 applies, subject to Subsection (3) of that Section (Finance Management Act 2003)	N/A	N/A
Public-private partnership agreements referred to in Section 120 made in 2015/2016 (Finance Management Act 2003)	N/A	N/A
All quarterly reports tabled in the Council in terms of Section 52(d) during 2015/2016 (Finance Management Act 2003)	Yes	29/10/2015 28/01/2016 28/04/2016 21/07/2016
T 2.9.1		

## COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

A Website Steering Committee has been established to ensure that all information as required in terms of Section 75 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) is available on the website.



### 3. CHAPTER 3 –

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

#### 3.1 INTRODUCTION

##### 3.1.1 PREDETERMINED OBJECTIVES (CWDM)

The reflection of key performance indicators and performance targets in the Integrated Development Plan as compelled by Section 26(i) and Section 41(1)(a) of the Local Government Municipal Systems Act (No.32 of 2000) is aligned to the predetermined objectives as reflected in the approved 2012/13 – 2016/17 Integrated Development Plan.

*The table below illustrates the alignment between the Strategic Objectives and the Predetermined Objectives as per approved Integrated Development Plan:*

	Strategic Objective		Predetermined Objective
1	To create an environment and forge partnerships that ensures the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environmental and social infrastructure investment.	1.1	Provide a comprehensive and equitable Municipal Health Service including Air Quality Management throughout the CWDM.
		1.2	Ensure co-ordination of multi-disciplinary and sectoral disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment and Response and Recovery
		1.3	Effective planning and co-ordination of specialized fire-fighting services throughout the CWDM
		1.4	To facilitate environmentally sustainable economic development planning through the development and maintenance of strategic partnerships, investment attraction, retention and opportunities, SMME support and development, skills development and information knowledge.
		1.5	To facilitate, ensure and monitor the development and empowerment of the poor by graduating people out of poverty, social inclusion and improving the livelihood of the poor, vulnerable groups, rural farm dwellers and rural communities.

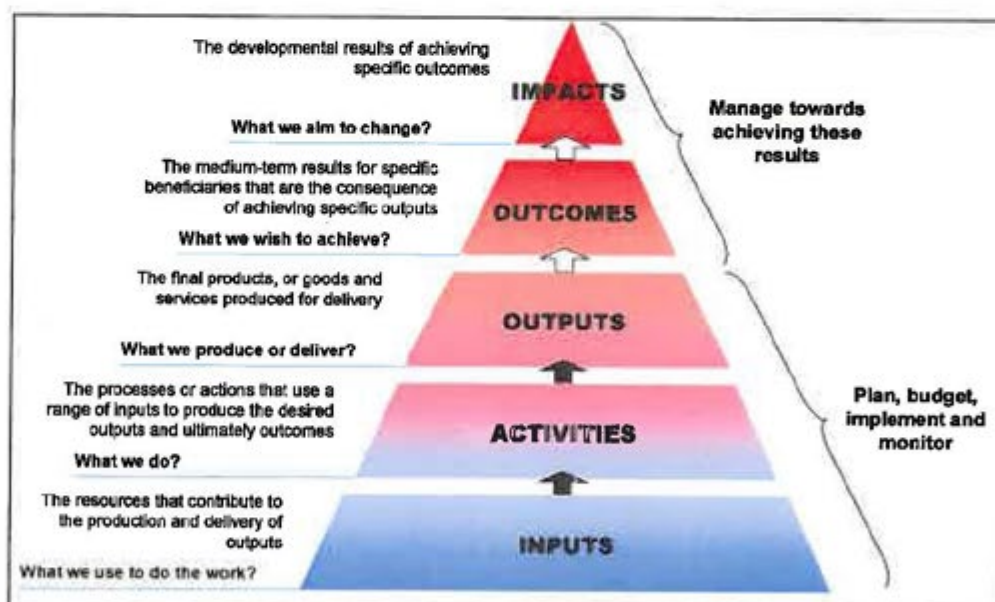
	Strategic Objective		Predetermined Objective
2	Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities.	2.1	To comply with the administrative and financial conditions of the Western Cape Government roads agency function agreement.
		2.2	To implement sustainable infrastructure services.
		2.3	To increase levels of mobility in the whole of the CWDM area.
		2.4	To improve infrastructure services for rural dwellers
		2.5	To implement an effective ICT support system.
3	To provide an effective and efficient financial and strategic support services to the Cape Winelands District Municipality.	3.1	To facilitate and enhance sound financial support services
		3.2	To strengthen and promote participative and accountable IGR and governance.
		3.3	To facilitate and enhance sound strategic support services

### Framework for Managing Performance Information: Key Concepts:

When monitoring and assessing outcomes and impacts it needs to be kept in mind that government interventions can also have unintended consequences. These also need to be identified and monitored so that risks can be managed and corrective action can be taken.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts.

The figure below illustrates the relationship between these core performance information concepts:





**Planning, Budgeting and Reporting:**

The performance information reported in accountability documents enables Council and the public to track government performance, and to hold it accountable.

Performance information also needs to be available to managers at each stage of the planning, budgeting and reporting cycle so that they can adopt a results-based approach to managing service delivery. This approach emphasises planning and managing a focus on desired results, and managing inputs and activities to achieve these results.

## Financial Performance per Strategic Objective:

SO	Operating Budget				
	2014/15	Actual	2015/16	Actual	2016/17
1	R 103 524 520	R 92 447 248	R 109 444 522	R 96 994 409	R 109 871 000
2	R 111 594 231	R 98 472 551	R 146 260 864	R 126 536 858	R 137 804 000
3	R 109 791 120	R 97 082 510	R 112 468 526	R 89 644 930	R 108 920 000
<b>Total</b>	<b>R 324 849 871</b>	<b>R 287 982 309</b>	<b>R 368 173 912</b>	<b>R 313 176 197</b>	<b>R 356 595 000</b>

SO	Capital Budget				
	2014/15	Actual	2015/16	Actual	2016/17
1	R 2 098 519	R 1 565 213	R 5 632 869	R 1 444 748	R 5 988 660
2	R 3 490 322	R 2 478 076	R 4 958 630	R 2 957 297	R 11 080 800
3	R 906 667	R 852 320	R 425 388	R 355 904	R 1 424 900
<b>Total</b>	<b>R 6 495 508</b>	<b>R 4 895 609</b>	<b>R 11 016 887</b>	<b>R 4 757 949</b>	<b>R 18 494 360</b>



SO	Project Budget			
	2014/15	Actual	2015/16	Actual
1	R 16 829 980	R 15 783 519	R 15 807 050	R 14 755 620
2	R 9 803 500	R 7 873 242	R 15 946 500	R 12 920 554
3	-	-	-	-
Total	R 26 633 480	R 23 656 761	R 31 753 550	R 27 676 174
				R 16 322 090
				R 16 563 000
				-
				R 32 885 090

3.1. Summary of Cape Winelands Organisational Key Performance Indicators 2015/2016:

SO	Number of KPI's	Zero Performance	Under Performance <60%	Achieved and over achieved	Delivery as a Percentage 2015/16	Delivery as a Percentage 2014/15
1	10	-	1	9	90%	100%
2	7	2	3	2	29%	87%
3	8	-	-	8	100%	100%
Total	25	2	4	19	76%	96%

Cape Winelands District Organisational Key Performance Indicators:

The Organisational Key Performance Indicators (KPI's) have been revised during February 2016 and the following corrections were made:

- Organisational KPI's – deleted where budget has been allocated however could not deliver for a number of reasons;
- Deleted KPI's with zero targets – targets were set for outer years; and
- Deleted KPI's not budgeted for during the adjustment budget process.

<b>Over Performance</b>	<b>&gt;100%</b>
<b>Target Achieved</b>	<b>100%</b>
<b>Target Almost Achieved</b>	<b>80% to 99%</b>
<b>Under Performance</b>	<b>1% to 79%</b>
<b>Zero Performance</b>	<b>0%</b>



## Cape Winelands District Detailed Organisational Key Performance Indicators:

CWDWM PDO		2015/2016 Annual Target and Performance				2015/2016 Annual Target and Performance	
CWDWM PDO		Outcome Indicator	KPI #	Key Performance Indicator	2014/2015 Target	2014/2015 Actual	Comments
1.1	1.1.1	FOOD CONTROL - To provide consumer protection and ensure that all foods during production, handling, storage, processing and distribution are safe, wholesome and fit for human consumption; as prescribed by law.	1.1.1.1	Number of inspections of food premises (Food handling, preparation & production formal and informal).	6 000	8 159	7 167
			1.1.1.2	Number of food samples taken.	1 000	1 342	1 348
	1.1.2	To ensure effective ENVIRONMENTAL POLLUTION CONTROL via the identification, evaluation, monitoring and prevention of the pollution of soil, water and air, in as far as it relates to health; and to institute remedial action accordance with Regulation 37 of the CWDWM Municipal Health By-Law.	1.1.2.1	Number of water samples taken (Wastewater, Water milking sheds, Drinking water, Water sources, water used for recreation).	1 800	1 957	1 845
			1.1.2.2	Annual Air Quality report to DEA in the prescribed format by 30 September of every year.	1	1	1
	1.1.3	To administer an effective ENVIRONMENTAL HEALTH MANAGEMENT SYSTEM, in order to achieve all environmental health objectives set.	1.1.3.1	Monthly Report (Sirijani report) to PGWC on all MHS matters by the 15th of every month.	12	12	12
1.2	1.2.1	Build Institutional Capacity.	1.2.1.1	Number of Disaster Management Advisory Forum meetings.	2	3	2

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1.3	1.3.1	Effective planning and co-ordination of specialized firefighting services in CWDM.	1.3.1.1	One Veld Fire Season preparedness report approved by Council by 31 December 2015.	1	1	1	Annual target achieved
1.4	1.4.1	To fulfil a coordination role in terms of Town and Regional Planning, Economic and Tourism Development within the Cape Winelands District.	1.4.1.1	Number of stakeholder consultations attended or facilitated (3 forums per quarter)	12	12	12	Annual target achieved
	1.4.2	Promote CWDM as an investment/ tourism destination	1.4.2.1	Number of trade/tourism expo's, missions, roadshows, educational undertakings (national and international).	2	2	1	Namibia Expo was completed in May 2016 but could not be approved in 2015/2016 financial year due to the elections in August 2016. Approved by the new MAYCO, in the 2016/2017 financial year.
	1.5.1	Successful implementation of programmes that address the needs of vulnerable groups (women, children, youth, disabled and elderly)	1.5.1.1	Number of awareness programmes that address socio-economic issues related to Sport, Recreation, Culture, HIV/Aids, Elderly, Disabled, Youth, Families and Children	15	22	22	Savings were incurred and additional programmes were implemented.
1.5								



STRATEGIC OBJECTIVE 2 - Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities.						
CWDM PDO	PO #	Outcome Indicator	KPI #	Key Performance Indicator	2014/2015 Target	2014/2015 Actual
2.1	2.1.1	Support the maintenance of proclaimed roads in the district on an agency basis for the provincial roads authority.	2.1.1.1	100% of the provincial roads conditional grant budget allocation spent (Total expenditure divided by the total allocation received x 100)	New KPI	New KPI
			2.1.1.2	Monthly report on production figures to Provincial Government (Roads Agency) by the 15 <sup>th</sup> of each month.	New KPI	New KPI
	2.2.1	Enhance the planning of infrastructure services in the district.	2.2.1.1	Develop stormwater master plans for local municipalities.	1	0
2.2			2.2.1.2	Investigate and planning of regional solid waste disposal site.	1	1
	2.3.1	Improved pedestrian safety at rural schools.	2.3.1.1	Review District Integrated Transport Plan.	1	0
2.4	2.4.1	To improve infrastructure services for rural dwellers throughout the area of the CWDM.	2.4.1.1	% of project budget spent on rural projects (Clearing road reserves, provision of water & sanitation to schools, renewable infrastructure and upgrade rural sport facilities).	New KPI	New KPI
	2.5.1	Improving ITC support	2.5.1.1	Quarterly ICT reports to Mayoral Committee.	New KPI	New KPI
					Annual Target	Annual Actual
					100%	94.36%
					12	9
					1	1
					1	0
					1	0
					95%	77.45%
					4	4
					Annual target achieved	

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STRATEGIC OBJECTIVE 3 - To provide effective and efficient financial and strategic support services to the Cape Winelands District Municipality.									
CWM PDO	PO #	Outcome Indicator	KPI #	Key Indicator	Performance	2014/2015 5 Target	2014/2015 5 Actual	2015/2016 Annual Target and Performance	
								Annual Target	Annual Actual
3.1	3.1.1	Credible Budget	3.1.1.1	Compilation of the budget	of the	End May	28 May	End May	End April
	3.1.2	Transparent and accountable reporting to all stakeholders	3.1.2.1	Compilation of quarterly Section 52 reports to Council (including performance reports)		New KPI	New KPI	4	4
	3.1.3	Effective systems, procedures and internal control of expenditure and revenue.	3.1.3.1	Monthly creditor and debtor age analysis (section 71 reports) to Executive Mayor.		12	12	12	12
	3.1.4	Fair, Equitable, Transparent, Competitive and cost-effective SCM and Policy Regulatory Framework.	3.1.4.1	Effective Supply Chain Management.		Less than 5% successful appeals	Less than 5% successful appeals	Less than 5% successful appeals	Less than 5% successful appeals
3.2	3.2.1	Improved intergovernmental relations	3.2.1.1	Number of meetings.	of IGR	8	8	8	8
	3.2.2	To ensure well functional statutory and other committees	3.2.2.1	Number of committee meetings supported administratively (Minutes of all meetings on collaborator		14	14	14	14
	3.2.3	To ensure skilled and competent workforce in order to realise organisational strategic objectives	3.2.3.1	Number of Workplace Skills Plan Submissions to the LGSETA.		1	1	1	1
3.3	3.3.1	Improved Labour Relations and informed Workforce.	3.3.1.1	Number of Employment Equity submissions to the Department of Labour	Report	1	1	1	1



**Additional Organisational KPI comments:**

Under and/or non-performance had to be reported for certain identified KPI's, after consultation with the Auditor-General South Africa. The reason for this under and/or non-performance was mainly due to the political environment during the last quarter of 2015/2016 with limited Council meetings being held. In this regard, specific reference is made to the following KPI's:

- Strategic Objective 1 KPI # 1.4.2.1 Number of trade/tourism expos, missions, roadshows, educationals undertaken (national and international); and
- Strategic Objective 2 KPI # 2.3.1.1 Review District Integrated Transport Plan.

3.2. Roll-Overs

Roll-overs for 2016/2017 as per the Adjustment Budget:

Vote Number 2015/2016	Department	Description	Budget 2015/2016	Actual Spending 2015/2016	Roll-over 2015/2016	Original Budget 2016/2017	Revised Budget 2016/2017	Reasons for Roll-over
112020213	Financial and Strategic Support Services - Western Cape Finance Management Grant	Municipal Finance Management Internship Programme (MFIMP) for the District	R 350 000	-	R 350 000	-	R 350 000	It was agreed with the Provincial Government that a service provider be appointed to manage the Internship Programme for the Cape Winelands District. The procurement process started in June, therefore it is requested that the funds be rolled over to the 2016/2017 financial year.
112010213	Financial and Strategic Support Services - Finance Management Grant	Municipal Systems Improvement Grant	R 930 000	R 262 838	R 667 163	-	R 667 163	Tenders were requested for the development of Human Resource related policies but none of the vendors complied with critical tender requirements, hence tenders had to be re-advertised. The adjudication process was conducted on 24 June 2016 necessitating the roll-over.
112010213	Office of the Municipal Manager – Internal Audit	Shared Services	R 6 200	-	R 6 200	-	R 6 200	Project was concluded in the 2014/2015 financial year.
112010213	Financial and Strategic Support Services - Finance Management Grant	District Funding Research Initiative	R 1 600 000	R 939 865	R 660 135	R 120 000	R 780 135	Although an order for the total DFRI was issued in the 2015/2016 financial year, phase 3 and the final phase of the DFRI will only be completed in the 2016/2017 financial year.
110200213	Office of the Municipal Manager – Internal Audit	ICT Control Audit	R135 000	R 109 474	R 25 526	-	R 25 526	A service provider was appointed during the 2015/2016 financial year and the project has been completed. Unspent amount as a result of savings.
113305199	Technical Services – Rural Roads	Rural Roads Asset Management System	R 2 384 000	R 4 111	R 2 379 889	R 4 567 000	R 5 062 889	It was initially planned that a service provider appointed by another Municipality could be appointed in terms of section 32 of the Supply Chain Management Regulations but that process was found to be problematic. This resulted in a full procurement process and thus causing delays. Tenders were advertised on 22 January 2016 and closed on 19 February 2016.



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Vote Number 2015/2016	Department	Description	Budget 2015/2016	Actual Spending 2015/2016	Roll-over 2016/2017	Original Budget 2016/2017	Revised Budget 2016/2017	Reasons for Roll-over
116155135	Technical Services - Public Transport	CWDM Integrated Transport Plan	R 2 035 810	R 465 611	R 1 570 199	-	R 1 570 199	The plan was completed, but council must approve the plan and the approved plan must be submitted to the Provincial Department for comment. If the Department has any comments with regards to the plan the service provider must do the necessary changes.
115125229	Office of the Municipal Manager - IDP	IDP Project	R 136 212	R 69 660	R 66 552	-	R 66 552	Service provider was appointed to roll out capacity building workshops for the district as a whole. An amount of R 56 800 was unspent and will be utilised to support the local municipalities for the establishment of ward committees.
115115230	Office of the Municipal Manager - Performance & Risk Management	Development of SOP's for District	R 36 100	-	R 36 100	-	R 36 100	Service provider was appointed to roll out SOP workshops in the District. Savings realised due to lower operational cost as anticipated. These funds will be utilised in the 2016/2017 financial year for the development of SOP's.
115125229	Office of the Municipal Manager - Performance & Risk Management	Performance Management	R 200 000	-	R 200 000	-	R 200 000	The Municipality applied for funding from Provincial Government to appoint a service provider to assist with the completion of SOP's. Due to the resignation of the Deputy Director Performance & Risk Management the department did not have sufficient capacity to drive the project.
114750150	Community Development & Planning Services - Rural & Social Development	Community Development Workers	R 91 342	R 48 838	R 42 504	R 75 000	R 117 504	The unspent Community Development Workers Grant (CDW) will be utilized to fund the operational expenditure of the CDW from 1 July 2016 until the new grant for the 2016/2017 financial year is paid over to Cape Winelands District Municipality.
116155145	Technical Services - Public Transport	Impound facility	-	-	R 185 412	-	R 185 412	Service provider was appointed in December 2013 for the design and construction of public transport impound facility - Drakenstein

**3.3. National Key Performance Indicators 2015/2016:**

National Government has identified five key performance areas (KPA's) for local government:

- Service delivery and infrastructure development;
- Local economic development;
- Municipal financial viability and management;
- Municipal transformation and organisational development, and
- Good governance and public participation.

The Cape Winelands District Municipality contributed to the National KPA's as follows:

<b>KPA 1 – SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (2015/2016)</b>			
<b>Roads</b>	<b>Unit</b>	<b>2014/15</b>	<b>2015/16</b>
Kilometres of road responsible for (provincial de-proclamation and maintenance contracts)	km	4 716	3 601
Kilometres of roads maintained and rehabilitated (provincial de-proclamation and maintenance contracts)	km	4 716	3 601
Total amount of operating budget allocated to road maintenance	Rand	R 98 028 141	R 129 129 231
Total amount of operating budget spent on road maintenance	Rand	R 89 987 488	R 115 317 132
<b>KPA 2 – LOCAL ECONOMIC DEVELOPMENT (2015/2016)</b>			
<b>Economic growth</b>	<b>Unit</b>	<b>2014/15</b>	<b>2015/16</b>
Total rand value of contracts awarded	Rand	R 126 067 707	R 149 222 066
Total rand value of contracts awarded to SMMEs	Rand	R 100 589 192	R 139 950 347
Total rand value of contracts awarded to BEE suppliers	Rand	R 50 299 236	R 74 357 703
Total rand value of contracts awarded to women	Rand	R 30 130 572	R 42 797 634
Rand value of contracts awarded to youth	Rand	R 3 084 285	R 5 711 030
Rand value of contracts awarded to people with disabilities	Rand	R 49 780	R 102 123

KPA 3 – MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (2015/2016)			
Financial viability	Unit	2014/15	2015/16
Total operating transfers (grant and subsidy income)	Rand	R 219 636 900	R 222 732 933
Total operating expenditure	Rand	R 310 401 287	R 337 635 530
Capital budget spend in year	Rand	R 4 895 610	R 4 767 949
Council approved capital budget in year	Rand	R 6 495 508	R 11 016 887
Total outstanding customer debt as at 30 June 2016	Rand	R 0	R 2 347 223
Current assets as at 30 June 2016	Rand	R 523 681 955	R 595 161 410
Current liabilities as at 30 June 2016	Rand	R 33 805 037	R 44 346 884
Total revenue	Rand	R 350 515 886	R 386 633 141
Revenue from grants	Rand	R 221 524 164	R 223 779 121
Debt service payments (Finance Charges)	Rand	R 7 837	R 2 220
Salaries budget (including benefits)	Rand	R 179 445 880	R 188 413 736
Total operating budget	Rand	R 351 483 351	R 399 927 462
Municipal systems improvement grant (MSIG)	Rand	R 952 386	R 930 000
Amount of this allocation utilised	Rand	R 934 000	R 262 837
Municipal infrastructure grant allocation	Rand	R 0	R 0
Amount of this allocation utilised	Rand	R 0	R 0



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KPA 4 – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (2015/2016)			
Organisational design and capacity	Unit	2014/15	2015/16
Number of posts in the organogram as at 30 June 2016	Number	669	668
Number of posts in the organogram that were filled as at 30 June 2016	Number	425	434
Total number of staff employed in the municipality as at 30 June 2016	Number	436	462
Total number of Section 57 staff employed in the municipality as at 30 June 2016	Number	4	4
Section 57 posts vacant for more than 3 months in the financial year ending 30 June 2016	Number	0	0
Percentage of municipality's budget spent on implementing its workplace skills plan.	Percentage	0.7%	0.29%
Employment equity	Unit	2014/15	2015/16
Number of Section 57 staff who were classified as Black (African, Indian and coloured) as at 30 June 2016	Number	3	3
Number of Section 57 staff who were women as at 30 June 2016	Number	1	1
Number of staff (out of total number of staff) in the municipality who were women as at 30 June 2016	Number	136	157
Number of staff (out of total number of staff) in the municipality who were classified as disabled as at 30 June 2016	Number	7	8
KPA 5 – GOOD GOVERNANCE AND PUBLIC PARTICIPATION (2015/2016)			
Council meetings	Unit	2014/15	2015/16
How many council meetings were held in the 2015/16 financial year?	Number	13	10
How many open council meetings were held in the 2015/16 financial year?	Number	13	10
Corporate governance	Unit	2014/15	2015/16
Number of Section 57 staff dismissed	Number	0	0
Number of Section 57 staff suspended	Number	0	0
Number of Section 57 staff resigned	Number	0	0

**3.4. Performance Improvement Measures:**

The following actions were taken throughout the 2015/16 financial year to improve the culture of performance management in the organisation:

- Strategic Sessions with the Mayor and Management were held;
- All Executive Directors were tasked by the Municipal Manager to prepare up to date evidence files which was uploaded on the Collaborator electronic record management system;
- Random sampling of key performance indicators and projects were done by internal auditors to verify the quality of data and evidence of performance;
- Internal Audit reports are submitted to management for response and action to address any identified shortcomings;
- These Internal Audit Reports are also served before the Audit Committee, the Mayoral Committee and the Executive Council for oversight; and
- An electronic compliance register is also assisting to monitor the compliance with various pieces of legislation relating to performance management.

**PMS Audit Focus for 2016/2017:**

The focus from the internal auditors for the 2016/2017 financial year will be as follows:

- Quarter 1: Compliance review to various pieces of legislation including any additional Regulation and National Treasury circulars;
- Quarter 2: Organisational and Departmental Key Performance Indicators Sampling – 3e's (effective, efficiency and economic) and functionality;
- Quarter 3: Project Sampling - 3e's and functionality; and
- Quarter 4: Executive Directors Scorecard, Project (continuation of quarter 2 and 3) and Directorate KPI Sampling – 3e's and functionality.

### 3.5. Supplier Performance

#### Background

Supplier performance is in compliance with Section 46(1) of the Municipal Systems Act, Act 32 of 2000.

#### Tenders evaluated

Suppliers are evaluated on work performed or goods supplied for functionality, quality and performance. To evaluate the supplier a document is prepared and issued, in respect of the previous six months, to the relevant official who initiated the acquisition. The following documents, per department, were issued and submitted for evaluation:

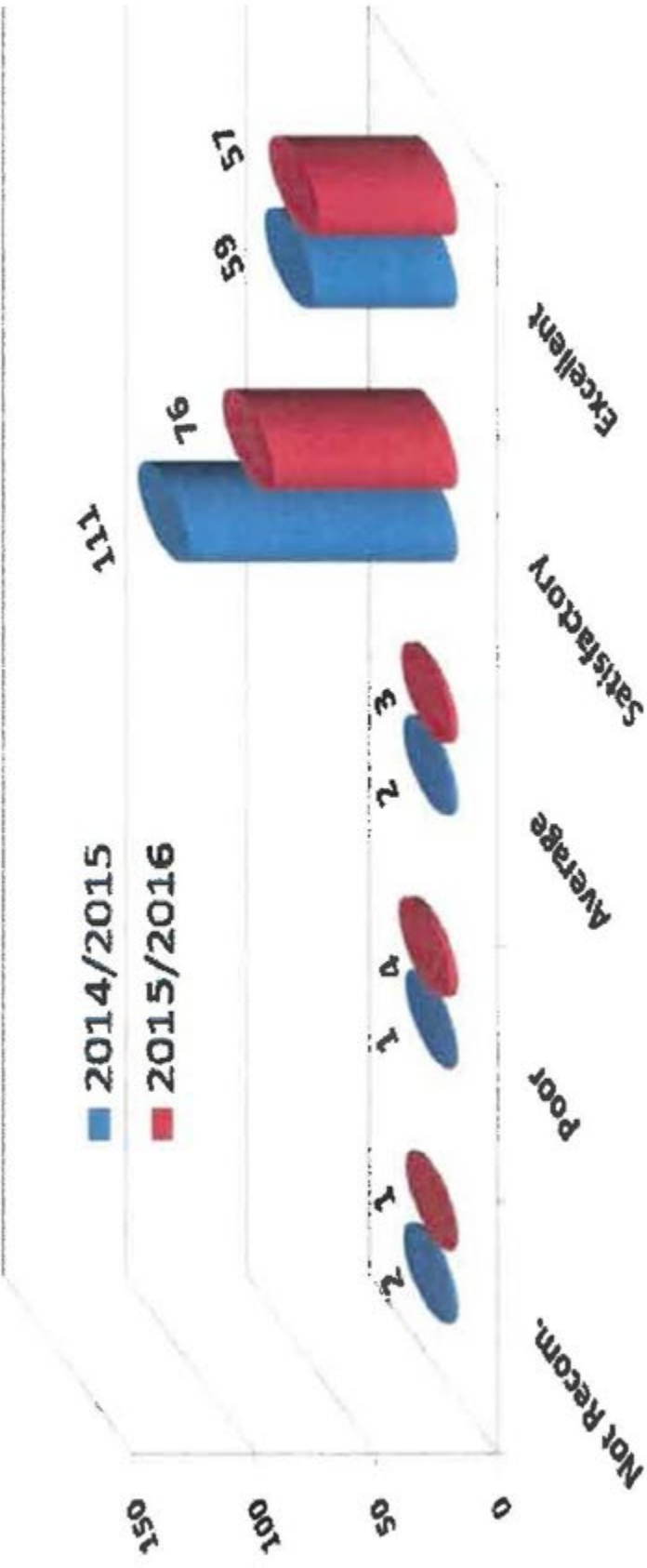
Relevant Department/Division	Tenders		Quotations	
	2014/2015	2015/2016	2014/2015	2015/2016
Community Developmental Services	13	11	15	48
Corporate Services	14	8	16	10
Local Economic Development	0	2	3	1
Engineering	28	24	14	25
Financial	45	6	16	3
Governance	0	0	0	0
Municipal Manager	0	0	1	1
Rural & Social Development	1	0	9	2
<b>Grand Total</b>	<b>101</b>	<b>51</b>	<b>74</b>	<b>90</b>



Quality of performance

The evaluation is objective and based on five performance areas. The Contract Manger is responsible for the evaluation, but in the event that the supplier is rated lower than 18 points out of a possible of 25 (72%), he/she must be consulted and when agreed on the final rating, sign the evaluation document as proof of consultation. At this point any corrective measures are attended to.

Performance of suppliers evaluated in comparison with the previous financial year:



**Improvement and/or deterioration of supplier performance**

Because of the procurement process, the municipality does not work with the same suppliers every year. Although there may be repetition of some, new suppliers are constantly entering into the process. Therefore, performance comparisons are measured on percentage per performance category rather than on the individual. If it is found that a specific supplier does not meet the municipality's standard of service expectations, corrective measures are taken, preferably while the project is in process, to guarantee a positive outcome.

Suppliers who do not meet the level of performance are given the opportunity to improve on their capacity, systems and procedures and, after a period of exclusion from the procurement process, can demonstrate that they indeed improved and are capable to deliver on the expected performance levels.

Performance assessment for the last two financial years:

Perf. Level	Category	2014/2015		2015/2016		Movement (Evaluation must be objective per category)
		# of Evaluations	% of Category	# of Evaluations	% of Category	
1	Not Recommended	2	1.14%	1	0.71%	Improvement
2	Poor	1	0.57%	4	2.84%	Deterioration
3	Average	2	1.14%	3	2.13%	Deterioration
4	Satisfactory	111	63.43%	76	53.90%	Deterioration
5	Excellent	59	33.72%	57	40.43%	Improvement
	<b>Total</b>	<b>175</b>		<b>141</b>		

Categories "Average" to "Excellent" represents 96.46% of the evaluations which is a deterioration of 1.84% on the previous year. The evaluation is subjective and officials are not influenced to be lenient towards suppliers that do not perform to council's expectations. Underperformers are reprimanded in a positive manner to improve themselves for future engagement. It must be pointed out that the municipality does not always work with the same suppliers and new entrants to the supply line may not perform to expectation.



### 3.6 AG Outcomes

Over the past two years (2013/2014 and 2014/2015) the CWDM has received a clean audit. Leadership, as a driver of internal control, has improved while maintaining our performance in the areas of Governance and Financial & Performance Management. No areas have been identified to have regressed and/or where intervention is required.

The following is a summary of the areas assessed as "Good":

MAIN AREA	SUB AREA	MOVEMENT from previous year
Leadership	Effective leadership culture	Unchanged
Leadership	Oversight responsibility	Improvement
Leadership	Policies and Procedures	Unchanged
Leadership	Audit action plans	Unchanged
Financial and Performance Management	Proper record keeping	Unchanged
Governance	Risk Management	Unchanged
Governance	Internal Audit	Unchanged
Governance	Audit Committee	Unchanged

**COMPONENT A: BASIC SERVICES**

This component includes: water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

**INTRODUCTION TO BASIC SERVICES**

The Cape Winelands District Municipality does not provide any services but assists with certain infrastructure in rural areas. Rural schools battle with the upkeep of water and sanitation infrastructure due to the increase in learners as well as the cost of proper maintenance. Council assist with the provision of clean water as well as sanitation services. Farm workers are also assisted by Council with the provision of subsidies for the water and sanitation services in the homes, as well as for the provision of warm water to improve the lives of farm dwellers.

**3.7. WATER PROVISION****INTRODUCTION TO WATER PROVISION**

To supply water to schools and labourer cottages, the CWDM provides subsidies that assist land owners to provide water to the farm workers dwelling. It is important that potable water at all schools is safe to drink and for that reason, where water quality does not conform to the applicable standards, water purification systems are provided to reach the required standards.

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL**

The targets for the 2015/2016 financial year were met and all the approved projects were completed.

**WASTE WATER (SANITATION) PROVISION****INTRODUCTION TO SANITATION PROVISION**

To provide sanitation to schools and farm labourer cottages, the CWDM grants subsidies that assist farmers to provide sanitation within the farm labourer cottages. As the rural schools expand due to additional classes and grades, the current facilities sometimes cannot cope with the amount of learners. In these cases the CWDM assists with the construction of additional infrastructure to provide effective and clean sanitation services at these schools.



**COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL**

The target for the 2015/2016 financial year was met and all the approved projects were completed.

**3.8      ELECTRICITY**

**INTRODUCTION TO ELECTRICITY**

The Cape Winelands District Municipality does not provide electrical services, but assists land owners in the rural area to improve the lives of the farm workers by providing a subsidy for solar warm water systems as part of Council's contribution towards renewable energy.

**COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL**

The target for the 2015/2016 financial year could not be met and only 284 units out of a target of 319 were collected during the year. This could be ascribed to difficult financial times faced by land owners. To improve on this, the existing policy has been amended.

**3.9      WASTE MANAGEMENT**

**INTRODUCTION TO WASTE MANAGEMENT**

The Cape Winelands District Municipality does not render any refuse collection service, but is in the process of investigating possible areas for regional waste disposal sites within the district.

**COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL**

The investigation has been completed and possible sites were identified. The Environmental Authorization process was completed and a license was issued by the Department of Environmental Affairs. An appeal was lodged and Council awaits the final result with regarding the appeal.



**COMPONENT B: ROAD TRANSPORT**

**INTRODUCTION TO ROAD TRANSPORT**

Ownership of public roads in the Cape Winelands District Municipality's area is limited to national and provincial government level and the five local municipalities. The five district municipalities in the Western Cape Province perform an agency function on behalf of the Western Cape Government, Department of Transport and Public Works regarding maintenance activities of a percentage of the provincial road network and provide certain technical services when requested.



**3.10 AGENCY FUNCTION**

The Agency function is 100% funded and funding transfers are governed by a financial agreement. It is expected that the Cape Winelands District Municipality performs this function with its own roads staff. All plant is provided by the Department of Transport and Public Works.

The Agency Agreement with the Western Cape Government: Department of Transport and Public Works stipulates what is expected of the district municipality. The emphasis of the agency function is on road maintenance activities to assist the provincial government with their important task of preservation of their existing upgraded 6 485km surfaced provincial road network asset with the biggest challenge the shortfall in allocated funding and the identified technical maintenance and rehabilitation and reconstruction needs.

Taking into account the above, the reality is that there is not enough funding allocated to the provincial government to address the requests from communities to upgrade or to regavel the approximately 25 245 km gravel roads in the province.

The main performance targets set by the Department of Transport and Public Works can be summarised as:

- To assist in reinstating scarce road construction skills, the district municipality is also targeted to perform on a limited scale road construction work their own staff
- All funding allocated for road maintenance and limited construction activities must be spent; and
- Costs relating to the different maintenance and limited construction activities must be economically sound.

The measurement of the main performance targets by the Department of Transport and Public Works is done by:

- The use of a computerised management system where all Cape Winelands District Municipality's roads staff are registered against total cost per road maintenance activity per road; and
- Regular quarterly meetings between senior technical officials from the five district municipalities and the Department of Transport and Public Works to evaluate total spending and compare each district municipality's cost per road maintenance activity per road.

EMPLOYEES: ROAD SERVICES					
JOB LEVEL	YEAR 1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016		
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Vacancies (as a % of total posts)
T1 – T3	32	166	39	127	76.51%
T4 – T8	114	159	110	49	30.82%
T9 – T13	17	33	20	13	39.39%
T14 – T17	5	4	4	0	0%
T18 – T19	1	1	1	0	0%
<b>TOTAL</b>	<b>169</b>	<b>363</b>	<b>174</b>	<b>189</b>	<b>51.92%</b>
					<b>T3.7.8</b>

FINANCIAL PERFORMANCE: ROAD SERVICES					
R'000					
Details	2014/2015		2015/2016		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total operational revenue</b>	<b>88 163</b>	<b>129 129</b>	<b>129 129</b>	<b>113 288</b>	<b>12%</b>
Expenditure:					
Employees	34 527	48 930	48 930	37 289	24%
Repairs and maintenance	33 343	27 404	27 404	55 124	-101%
Other	20 241	52 708	52 708	20 789	61%
<b>Total operational expenditure</b>	<b>88 111</b>	<b>129 042</b>	<b>129 042</b>	<b>113 202</b>	<b>12%</b>
<b>Less: Loss on disposal of PPE</b>	<b>52</b>	<b>87</b>	<b>87</b>	<b>86</b>	<b>1%</b>
<b>Net operational expenditure</b>	<b>88 163</b>	<b>129 129</b>	<b>129 129</b>	<b>113 288</b>	<b>12%</b>
					<b>T3.7.8</b>



CAPE WINELANDS DISTRICT MUNICIPALITY 2015/2016 ANNUAL REPORT

CAPITAL EXPENDITURE 2015/2016: ROAD SERVICES R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment budget	Total Project Value
Total all	R 1 104,00	R 1 350,00	R 419,00	69%	
PRINTER (REPL) CL WORKSHOP	4	R 4,00	R 4,00	0%	
1 X ANGLE GRINDER (REPL)	2	R 2,00	R 2,00	0%	
1 X DRILL (REPL)	5	R 5,00	R 4,00	20%	
2 X DESKS	7	R 6,00	R 5,00	17%	
REPLACE LAPTOPS 3	13	R 13,00	R 9,00	31%	
COMP SCREENS AT ROADS	15	R 15,00	R 7,00	53%	
GENERAL UPGRADING PAARL DEPOT	40	R 40,00	R 0,00	100%	
VISITORS CHAIRS X 4 (REPL)	60	R 56,00	R 10,00	82%	
STORE DOORS - CJ ROADS	90	R 95,00	R 81,00	15%	
1 X GPS CAMERA	5	R 5,00	R 5,00	0%	
5 X GPS CAMERAS	25	R 25,00	R 22,00	12%	
WOMANS CLOAKROOM TILES CL	5	R 5,00	R 0,00	100%	
PAINING CL ROADS	434	R 434,00	R 0,00	100%	
CONTAINER CL	15	R 20,00	R 0,00	100%	
2 X SHIPPING CONTAINERS	30	R 40,00	R 0,00	100%	
FILING UNIT CJ	5	R 5,00	R 4,00	20%	
2 X FILING CABINETS CL	10	R 10,00	R 4,00	60%	
CARPORT CL ROADS	75	R 75,00	R 0,00	100%	
HB CHAIR - CW WORKSHOP	1	R 1,00	R 1,00	0%	
HB CHAIR	3	R 3,00	R 2,00	33%	



CAPE WINELANDS DISTRICT MUNICIPALITY 2015/2016 ANNUAL REPORT

CAPITAL EXPENDITURE 2015/2016: ROAD SERVICES R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment budget	Total Project Value
2 XHB CHAIRS CJ	6	R 10,00	R 5,00	50%	
PRINTER/FAX CW WORKSHOP	4	R 4,00	R 4,00	0%	
ALL IN ONE PRINTER CL	15	R 15,00	R 11,00	27%	
5 X COMPUTERS CT & CW	27	R 27,00	R 0,00	100%	
3 X COMPUTERS CERES & CW	40	R 40,00	R 39,00	3%	
CORDLESS KETTLE	0	R 0,00	R 0,00	0%	
FRIDGE CW	5	R 5,00	R 5,00	0%	
MICROWAVE	1	R 1,00	R 1,00	0%	
CORDLESS KETTLE - CW	0	R 0,00	R 0,00	0%	
FRIDGE CDD	2	R 5,00	R 5,00	0%	
FRIDGE CT	5	R 5,00	R 5,00	0%	
3 X MICROWAVES	4	R 4,00	R 4,00	0%	
BINDING MACHINE	5	R 5,00	R 4,00	20%	
SMALL BAR FRIDGE	5	R 2,00	R 2,00	0%	
MICROWAVE CJ	2	R 2,00	R 2,00	0%	
MICROWAVE CL	1	R 1,00	R 1,00	0%	
FRIDGE CT	6	R 6,00	R 5,00	17%	
2 X KITCHEN STOVES CW	7	R 7,00	R 7,00	0%	
WATER COOLER	4	R 4,00	R 4,00	0%	
90L OIL DRAINER	4	R 4,00	R 4,00	0%	
WATER COOLER	4	R 4,00	R 4,00	0%	

CAPITAL EXPENDITURE 2015/2016: ROAD SERVICES					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment budget	Total Project Value
80L OIL DRAINER	4	R 4,00	R 4,00	0%	
WATER COOLER	4	R 4,00	R 4,00	0%	
80L OIL DRAINER CW	4	R 4,00	R 4,00	0%	
WATER COOLER CDD	4	R 4,00	R 4,00	0%	
80L OIL DRAINER CDD	4	R 4,00	R 4,00	0%	
WATER COOLER	4	R 4,00	R 4,00	0%	
80L OIL DRAINER CT	4	R 4,00	R 4,00	0%	
HYDRO BOIL CW	6	R 6,00	R 6,00	0%	
2 X WATER COOLERS CJ	6	R 6,00	R 5,00	17%	
2 X WATER COOLERS CW & CDD	10	R 10,00	R 7,00	30%	
CRANE/HOIST UNEXPECTED	0	R 50,00	R 14,00	72%	
LIFTING EQUIPMENT UNEXPECTED	0	R 50,00	R 30,00	40%	
BATTERY POWER BACKUP UNEXPECTE	0	R 120,00	R 0,00	100%	
6 STEP LADDER	2	R 2,00	R 1,00	50%	
GREASE PUMPS	30	R 30,00	R 30,00	0%	
WELDING HELMET	2	R 2,00	R 1,00	50%	
MULTI METER	1	R 1,00	R 0,00	100%	
BOTTLE JACK 12T	0	R 0,00	R 0,00	0%	
BOTTLE JACK 16T	1	R 1,00	R 0,00	100%	
PARRIFIN GUN	0	R 0,00	R 0,00	0%	
HOLLOW PUNCH SET	1	R 1,00	R 1,00	0%	

CAPITAL EXPENDITURE 2015/2016: ROAD SERVICES R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment budget	Total Project Value
3T JACK CW WORKSHOP	3	R 3,00	R 3,00	0%	
SPRAY GUN	1	R 1,00	R 1,00	0%	
TAP AND DIE SET	2	R 2,00	R 2,00	0%	
TAP AND DIE SET CDD	2	R 2,00	R 2,00	0%	
TAP AND DIE SET CT	2	R 2,00	R 2,00	0%	
TAP AND DIE SET CT	2	R 2,00	R 2,00	0%	
INVERTER WELDING MACHINE CT	3	R 3,00	R 3,00	0%	
SOCKET SET CT	4	R 4,00	R 3,00	25%	
BENCH VICE	1	R 1,00	R 1,00	0%	
EASY OUT SET	6	R 6,00	R 5,00	17%	
HEAVEY DUTY DRILL UNEXPECTED	0	R 7,00	R 0,00	100%	
					T3.7.9



**3.11      HOUSING**

**INTRODUCTION TO HOUSING**

The last number of years has seen a steady decline in the direct housing provision role of the Cape Winelands District Municipality (CWDm) in the rural areas (to farm workers and rural dwellers) of the Cape Winelands municipal district due to a lack of DORA and MIG grants from national and provincial Governments to the district municipality. In lieu hereof, the CWDm has requested Stellenbosch Municipality and Drakenstein Municipality to take over the further planning and possible implementation of the Nieuwedrift (Drakenstein) as well as Hermon and Groot Drakenstein (Meerlust Bosbou – Stellenbosch) projects respectively.

As a result of the huge backlogs in the provision of housing in these respective municipalities, the said projects do not necessarily form part of their housing priorities. The cost of the provision of bulk services to both projects is also very high and might also affect the final implementation.

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL**

The housing function is currently being phased out at the district municipality.

**PLANNING AND IMPLEMENTATION OF RURAL HOUSING PROJECTS**

Council resolved not to continue with the implementation of the following projects and has requested the respective local municipalities to implement the projects when it is possible:

- The Nieuwedrift Farm Workers Agri-Village Project at Noorder-Paarl - Drakenstein municipality.
- Development of the Groot Drakenstein Agri Village - Stellenbosch Municipality.

**3.12 FREE BASIC SERVICES AND INDIGENT SUPPORT****INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

The Cape Winelands District Municipality does not render any free basic services, as the local municipalities are responsible for service delivery in their areas of jurisdiction.

**COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT**

The Cape Winelands District Municipality gives support to low earners by providing subsidies to farmers to provide basic water and sanitation infrastructure in their labourers' houses.

**3.13 INTRODUCTION TO TRANSPORT**

The mandate for transport at district municipal level is derived as follows – the Constitution of the Republic of South Africa in respect of local government matters listed under Part B of Schedule 4 stipulates that "Municipal Public Transport" is to be the responsibility of a municipality and further in Section 84 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the division of functions and powers between district and local municipalities, 84(1)(g), lists the function "regulation of passenger transport services" as a district municipal competency.

In fulfilling its statutory mandate, the CWDM established a unit on its organisational organogram: the division Public Transport Planning and Regulation. The approach adopted by the sub-directorate was the development of a District Integrated Transport Plan as well as Local Integrated Transport Plans for the B-municipalities in its district. The District Integrated Transport Plan provides guidance for an implementation

The table below indicates the three critical areas identified in reaching the service delivery goals, with their respective projects:

Outcome	Projects	Targets	Achievement 2015/2016
Improved mobility of citizens in the district	CBD Transport Precinct Tulbagh – Witzenberg LM	(1) Consolidation of Tulbagh CBD (2) Non-motorised transport network (3) Management of business deliveries (4) Parking management strategy (5) Project identification and conceptual designs	A project report containing the contextual analyses, non-motorised transport network, parking strategy, business transport plan, the consolidation of the minibus taxi facilities, as well as the transport impact assessment of various improvement proposals. Conceptual designs and cost estimates of the prioritised projects
Improved pedestrian safety	Upgrading of road infrastructure at rural schools	Complete the planning for the upgrading of the existing access to the school, bus embayment and sidewalk. Construction phase of previously planned rural school upgrading	The planning and tender documentation completed for the upgrading at the rural schools Huguenoot and Prospect.  Completed upgrading at rural schools Ronwe and Groenberg
	Transport event	Host one transport month event in October 2015	Hosted Transport month event in Montague attended by three hundred (300) rural school learners
	Upgrading of sidewalks for the rural communities	Complete the planning for phase 2 of rural sidewalks.  Construction phase of phase 1 of the rural sidewalks in Drakenstein and Langeberg LM's	Completed phase 1 construction of the Daljosapat/Mbekweni and western approach to Robertson rural sidewalks.  Completed planning phase 2 of rural sidewalks in Drakenstein and Langeberg LM's.

Outcome	Projects	Targets	Achievement 2015/2016
Improved passenger transport planning and regulation	Review of the Cape Winelands District Integrated Transport Plan (DITP)  Integrated Transport Network (IPTN) Drakenstein	Total review of the current DITP over a two year period.  Project planned for completion in 2015/2016 financial year. Commence with following: • Concept of Operations • Demand model • Financial Model • Network Plan • Operational Characteristics • Vehicle Specifications • Develop Intelligent Transport Systems • Final Report	DITP completed, adopted by Mayoral Committee and submitted to the provincial MEC for approval  • Inception report finalised and accepted • Project management Plan finalised and accepted • Project on target and programme



**Improved Pedestrian Safety Projects**

Upgraded road infrastructure at rural schools

Groenberg Primary School



Ronwe Primary School



Planned infrastructure improvements at rural schools



Huguenoot Primary School



Prospect Primary School

### Transport Month Event

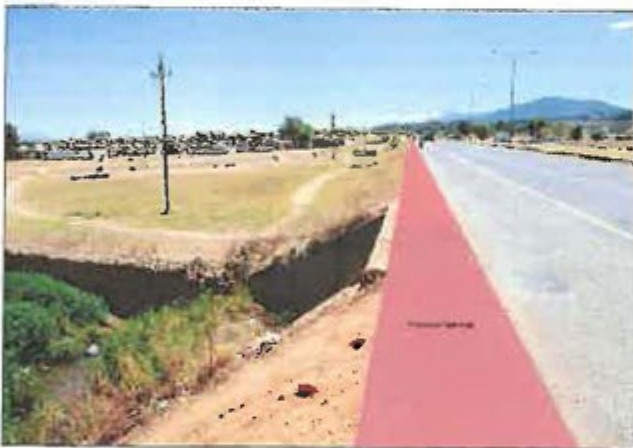
A major success was the hosting of the annual transport month event in Montague during October 2015. Ten (10) rural schools participated with three hundred (300) learners participating. Strong support was given by the Portfolio Councillor for Infrastructure Development Services: Cllr GJ Carinus.





**Upgrading Of Sidewalks for the Captive Rural Communities**

Drakenstein LM – R301 – Daljosaphat/Mbekweni sidewalk

**Planned rural sidewalks**

Proposed sidewalk Paar/Mbekweni Phase 2



Propose sidewalk Robertson (Ngubela) Phase 2



**COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL**

The National Public Transport Strategy excludes the CWDM from accessing the major sources of funding for public transport, namely the Public Transport Infrastructure Grant (PTIG) and Public Transport Network Operations Grant (PTNOG).

By excluding district municipalities from access to the Municipal Infrastructure Grant (MIG), the funding for public transport at the Cape Winelands District Municipality is reliant on Council's equitable share and irregular grants from the provincial Department of Transport and Public Works. The impact and performance on the mandatory transport function is thus determined by the funding which can be made available on the Council budget.

However, planning for improved citizen mobility and implementation of various public transport related projects continued as can be seen by the enthusiastic response from the various participants and beneficiaries, i.e. Transport Month event in Robertson and the planning for various public transport related facilities.

**COMPONENT C: PLANNING AND DEVELOPMENT****3.14 INTRODUCTION TO PLANNING**

Land-Use and Spatial Planning is a division of the Department, Community Development and Planning Services and has a limited function pertaining to Town and Regional Planning. The division's function is limited to spatial planning and planning coordination. Land use management is a function of the five local municipalities within the Cape Winelands municipal district although the CWDM's only involvement in land use planning is through participation in local municipal tribunals established in terms of National Spatial and Land Use Management Act (SPLUMA) 16 of 2013.

The CWDM's involvement in terms of planning in general is as follows:

- Actively participates in provincial and local municipal spatial development framework processes;
- Participates in any environmental planning policy processes that are being rolled out by the other spheres of government;
- Participates in the new law reform process pertaining to the Provincial Land Use Planning Act (LUPA) and the National Spatial and Land Use Management Act (SPLUMA); and
- Lastly, the CWDM Deputy Director Town & Regional Planning is a member of Witzenberg and Langeberg Municipal Planning Tribunals established in terms of the Spatial and Land Use Management Act, Act 16 of 2013.

**SPATIAL PLANNING FUNCTION****CAPE WINELANDS SPATIAL DEVELOPMENT FRAMEWORK (CW SDF)**

The Cape Winelands District Municipality compiled a Spatial Development Framework for its area of jurisdiction in terms of Section 26 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). The CWDM is mandated to do a Spatial Development Framework as a sector plan of the CWDM Integrated Development Plan in terms of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

The purpose of the approved Cape Winelands Spatial Development Framework (2011) is to lay down a 'set of guidelines' to:

- Interpret and apply higher-order spatial policy within the Cape Winelands district;
- Guide regional and local policy interventions;
- Act as a strategic forward-planning tool to guide planning and decisions on land use and land development;
- Consider a spatial rationale to the development vision of the district that is clear enough to allow decision-makers to deal with unanticipated/unplanned situations;
- Develop a spatial logic that guides public and private-sector investment;
- Ensure the social, economic, built and environmental sustainability of the area;
- Formulate proposals to redress the spatial legacy of apartheid; and
- Propose (spatial) indicators to measure outcome.

## PLANNING COORDINATION

### CAPE WINELANDS PLANNING FORUM

The Cape Winelands District Municipality facilitates a Planning Forum where relevant government departments, the five local municipalities and other stakeholders including consultants discuss matters pertaining to spatial, environmental and land use planning in general.

Planning Services is a division of the Department, Community Development and Planning Services and has a limited function pertaining to Town and Regional Planning. The division's function is limited to spatial planning and planning coordination. Land use management is a function of the five local municipalities within the Cape Winelands municipal district.

The CWDM's involvement in terms of planning in general are as follows:

- Actively participates in provincial and local municipal spatial development framework processes;
- Participates in any environmental planning policy processes that are being rolled out by the other spheres of government; and
- Participates in the new law reform process pertaining to the Provincial Land Use Planning Act (LUPA) and the National Spatial and Land Use Management Act (SPLUMA).

## SPATIAL PLANNING FUNCTION

### CAPE WINELANDS SPATIAL DEVELOPMENT FRAMEWORK (CWSDF)

The Cape Winelands District Municipality compiled a Spatial Development Framework for its area of jurisdiction in terms of Section 26 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). The Cape Winelands Spatial Development Framework was approved during the 2010/11 financial year and will be reviewed during the 2015/2016 financial year. The intention is to review the Cape Winelands Spatial Development Framework every five years.

The purpose of the Cape Winelands Spatial Development Framework (CWSDF) is to lay down a 'set of guidelines' to:

- Interpret and apply higher-order spatial policy within the Cape Winelands district;
- Guide regional and local policy interventions;
- Act as a strategic forward-planning tool to guide planning and decisions on land use and land development;
- Consider a spatial rationale to the development vision of the district that is clear enough to allow decision-makers to deal with unanticipated/unplanned situations;
- Develop a spatial logic that guides public and private-sector investment;
- Ensure the social, economic, built and environmental sustainability of the area;
- Formulate proposals to redress the spatial legacy of apartheid; and
- Propose (spatial) indicators to measure outcome.



**CAPE WINELANDS ENVIRONMENTAL MANAGEMENT FRAMEWORK (CW EMF)**

The Cape Winelands District Municipality developed an Environmental Management Framework for Witzenberg, Breede Valley and Langeberg Municipalities to assist the Town and Regional Planners with commenting/advising on development proposals.

The Cape Winelands Environmental Management Framework is in the process of being approved by the MEC of the Department of Environmental Affairs and Development Planning of the Western Cape in terms of the Environmental Management Framework Regulations, 2010, promulgated in terms of the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA), as well as the associated draft EMF Guidelines issued by the Department of Environmental Affairs (DEA).

**PLANNING COORDINATION****CAPE WINELANDS PLANNING FORUM**

The Cape Winelands District Municipality facilitates a Planning Forum where relevant government departments, the five local municipalities and other stakeholders discuss matters pertaining to spatial, environmental and land use planning in general.

EMPLOYEES: PLANNING SERVICES					
JOB LEVEL	YEAR -1: 30 JUNE 2015	YEAR 0: 30 JUNE 2016			
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Vacancies (as a % of total posts)
T1 – T3	0	0	0	0	0%
T4 – T8	0	0	0	0	0%
T9 – T13	0	0	0	0	0%
T14 – T17	1	1	1	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0%</b>
					T3.10.4

FINANCIAL PERFORMANCE 2015/2016: PLANNING SERVICES					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	415	4 468	4 468	2 286	49%
Employees	1 306	2 259	2 259	2 234	1%
Repairs and Maintenance					
Other	1 544	5 596	5 596	4 149	26%
Total Operational Expenditure	2 235	7 855	7 855	6 383	19%
Less: Loss on Disposal of PPE	6	43	43	43	0%
Net Operational Expenditure	2 235	7 812	7 812	6 340	19%
T3.10.5					

### 3.15 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKETPLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The Cape Winelands District Municipality is actively working on its role as the strategic facilitator for economic development within the district. National and provincial departments are strengthening this role through collaborative and planning and project implementation assistance. The 5-year Cape Winelands Regional Local Economic Development Strategy (CW-RLEDs) was adopted in October 2012 after an extensive consultative and strategy formulation process with relevant stakeholders and role-players.

The key drivers of the strategy include:

- **Institutional Development for Investor Readiness:** Performed by the Local Economic Development (LED) Division of the Cape Winelands District Municipality in collaboration with Local Municipalities, DEDAT and WESGRO;
- **Business Retention and Expansion:** Performed by the LED Division of the CWDM in collaboration with Local Municipalities and Local Tourism Associations;
- **Economic Infrastructure Development:** Performed by the Engineering Department of the CWDM in collaboration with national and provincial departments;
- **Human Development:** Performed by the Social Development Division of the CWDM in collaboration with provincial departments, NGO's, CBOs learning institutions, sport federations, etc.;
- **Environmentally Integrity:** Performed by the Municipal Health Division of the CWDM in collaboration with NGOs, learning institutions, farmers, etc.;
- **Economic Development:** Performed by all CWDM other departments in collaboration with Local Municipalities, Chambers of Commerce/Sakekamers, Local Tourism Associations, national (e.g. DTI) and provincial departments (DEDAT); WESGRO; SALGA, learning institutions; etc. and
- **Quality of Life Improvement:** All departments within the CWDM work towards improving service delivery to our communities.



Programmes implemented in 2015/2016 in respect of the CW-RLEDs Action Plan include:

- **CWDM Investment Attraction, Retention and Opportunities Programme**
  - Business Retention Expansion Project for Tourism Sector;
  - Developing Tourism Mobile Apps for 13 Towns in the Cape Winelands;
  - Trade Exhibition Project;
  - Investor facilitation;
  - DEDAT/CWDM Municipal Red Tape Reduction Project;
- **CWDM Enterprise Development Programme**
  - Seed Funding Project for SMMEs;
  - Seed Funding Project for emerging and small farmers;
- **CWDM Skills Development and Mentorship Programme**  
Business Training and Mentorship Project (The CWDM training and mentorship programme was developed to assist the SMMEs and small farmers that were receiving seed funding from the municipality through the provision of business training and one-on-one mentorship to these SMMEs and small farmers);
- **CWDM Information and Knowledge Management Programme** (Working in collaboration with WESGRO to collect tourism statistics from Local Tourism Associations; Economic Intelligence reports generated from the database; and LED Management System)
- **CWDM Tourism Marketing Programme** (Tourism Exhibition Project; Media/Tour Operator Educationals Project, Tourism Events Project; Mayoral Awards Project; Tourism Month Project); and
- **CWDM Tourism Product Development Programme** (Local Tourism Association Development Projects; Community Tourism Training Project; Tourism Road Signage Project).

## SOME LED AND TOURISM PROJECTS IN MORE DETAIL

### CWDM INVESTMENT ATTRACTION, RETENTION AND OPPORTUNITIES PROGRAMME

District municipalities are responsible for formulating strategic policies and developmental initiatives that would stimulate economic development regionally and at local level. As a means of addressing this task and providing a strategic facilitation role in regional investment, the CWDM developed the Cape Winelands Investment Attraction and Opportunities Strategy (CW-IAOS), as contained in the Cape Winelands Regional Local Economic Development Strategy (CW-RLEDs: 2012), of which the primary goal is to provide guidelines that would promote investment in the Cape Winelands district by focusing on:

- Retaining and expanding existing businesses;
- Identifying opportunities in the area; and
- Attracting new investment in the area.

#### **Business Retention and Expansion (BRE) Project for Tourism Sector**

To address the CW-IAOS key thrust of retaining and expanding existing businesses in the area, the CWDM has been implementing a Business Retention and Expansion Programme (BRE) specifically related to businesses in the tourism sector, given the sector's importance on a regional scale. The BRE programme represents a key local economic development initiative for the region. In doing so, the municipality demonstrates its commitment to the importance of issues facing existing businesses given that these businesses comprise the economic base in land use, capital formation and employment opportunities that shape the foundation for future growth of the Cape Winelands regional economy. The CW-BRE Programme for the Tourism Sector is currently being



implemented in partnership with Local Tourism Associations, Local Municipalities, Business Chambers/Sakekamers and individual tourism businesses in the towns of Worcester, Ceres, Tulbagh, Wolseley, Stellenbosch, Dwarsrivier and Franschhoek.

The Business Retention & Expansion Programme was implemented for the second year within the Tourism Sector. BRE tourism projects that are focusing on Cape Winelands Tourism Niches (family-friendly; sport and outdoor and accessible tourism) have been prioritised. CWDM intend to act as an initial catalyst for developing these tourism niches by using its BRE Tourism Programme. Twenty projects were successfully implemented for the 2015/2016 financial year. Support was provided to the following tourism related businesses and projects:

#### **Sport and Outdoor Tourism:**

- Ceres Tourism (Ceres Zip Line Adventures)
- Tulbagh Wine & Tourism (Tulbagh Mountain Bike Trail)
- Worcester Tourism (Mountain bikes and bike rack)
- Montagu-Ashton Tourism: Langeberg Mountainbike Trail
- McGregor Tourism: Langeberg Mountainbike Trail
- Robertson Tourism: Langeberg Mountainbike Trail

#### **Family Friendly Tourism**

- Drakenstein Local Tourism Association(Wellington Sunday & Kids Activities Brochure with Map and Website, Paarl Outdoor & Adventure Brochure, Wellington Conference & Event Brochure and Website Update & Paarl Arts & Craft Meander)
- Wolseley Tourism (Fynbos Guest Farm: animal petty)
- Wolseley Tourism( Mountain Ridge Wines: Family friendly farmers market)
- Stellenbosch 360 (Dine with Locals)
- Franschhoek Wine Valley (Community Urban Garden)
- Montagu-Ashton Tourism: Zolani Rural Dance Project
- Robertson Art Township Development Route

#### **Disabled Friendly Tourism**

- Worcester Tourism( Website for National Institute for the Deaf)
- Worcester Tourism: DeafNet Sign Language Training

#### **OTHER: Marketing Support**

- Dwarsrivier Tourism (Marketing Partnership)
- Tulbagh Wine & Tourism (Installation of metal bridge, information board & tear off map stands)
- McGregor Self-Guided Tours & Tree Planting Project

#### **OTHER: Service Excellence**

- Franschhoek Wine Valley (Bon Appetite Production)
- Dwarsrivier Tourism: Life Support & First Aid Training

### A BRE Project in more detail: National Institute for the Deaf, Worcester

The National Institute for the Deaf (NID) is situated in Worcester and has been in existence since 1881. The Institute has become world renowned for programmes that empower persons with a diversity of hearing loss to become self-supporting citizens. These services include early identification, assessment, provision of hearing aids and assistive devices, education and training, care programmes, development and mental health services as well as support services to the broader Deaf community. The NID applied for their website upgrade. The upgrade, which includes moving to a user-friendly programme and mobile responsive web design theme, allows NID to showcase each of its Business Training Units to the public, advertising its services and products to a wide target audience.

With the upgrade, (potential) clients can now:

- Easily view the website on their smartphone;
- Learn more about the products and services offered by NID;
- Make bookings and enquiries and order products online, directly to the respective business units (an essential feature for potential Deaf visitors who cannot make reservations telephonically due to their disability); and
- Find out about the latest special offers.



### **Investment Programme**

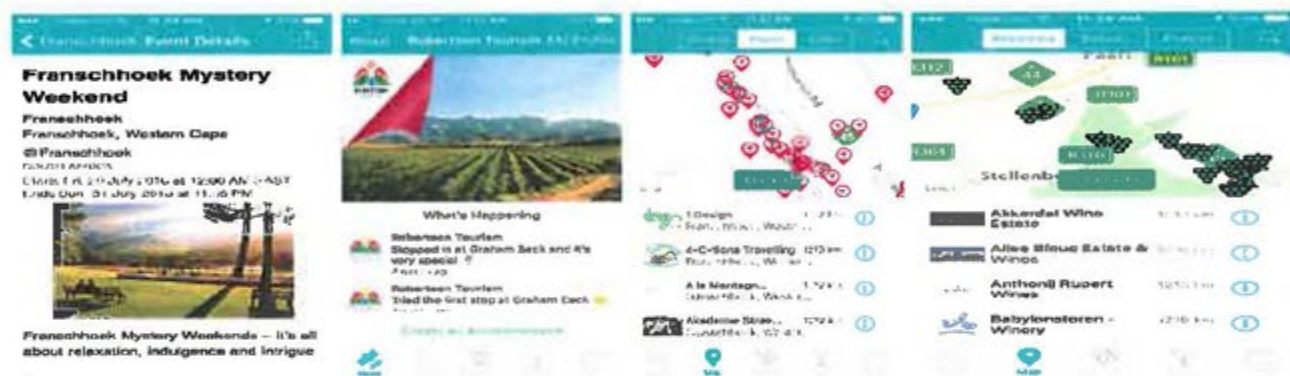
#### **Developing Tourism Mobile Apps for the Towns in the Cape Winelands**

The Cape Winelands District Municipality as the regional Destination Marketing Organisation (DMO) is realising that in this Digital Age the most profound changes have been made to consumer behaviour: influencing how we communicate, buy, work, interact, engage, relax, learn, consume and react. All of these have a direct influence on destination brand image, preference and affinity.

More and more travellers are using mobile devices such as smartphones and tablets to research, plan and share their travel experiences. The [Destination Marketing Association International \(DMAI\)](#) undertook a survey in 2014 in which 327 DMOs from 36 countries participated. The results were released at their 100<sup>th</sup> Annual conference and one of the areas of focus was to identify the top 20 tourism trends for 2014. The survey results showed that the second most prominent tourism trend in the world is that "mobile platforms and apps are becoming the primary engagement platform for travellers".



The CWDM have development mobile apps for 13 of its towns in collaboration with the local municipalities, local tourism associations and business. The Apps are on iOS and Android, specifically Samsung mobile application and will connect the Tourism Association and its business members in such a way that businesses will be able to download the mobile application from the application store, claim their businesses and upload the local content to its profile to assist in the marketing and promotion of local events and tourism activities through accurate and relevant information and to cover the key activities that underpin the aforementioned. The purpose of creating this Smart Mobile application that can be downloaded from the app store, is to engage the various stakeholders including those seeking tourism promotions and events and to develop a collaborative network between tourism operators, businesses, the local tourism associations and the CWDM.



The apps will be launched during Tourism Month in September 2016.

### INVESTMENT ATTRACTION: TRADE SHOWS

The LED Unit has developed local economic development programmes to facilitate and promote investment through its Trade Expo/Missions Programme (attracting new investment into the area as well as identifying new opportunities in the area). The Cape Winelands District Municipality is fulfilling its role as the facilitator of creating an enabling environment for business to thrive in and partakes in trade shows as a means to provide a platform for businesses within the District to market their products and services to buyers/consumers and investors and thus creating competitiveness.

#### Primary objectives for the CWDM attending Exhibitions/Trade Shows:

##### CWDM

- Generic marketing of the Cape Winelands as an investment destination that supports the objectives of the District's Investment Attraction and Opportunity Strategy (CW-IAOS) as contained within the Cape Winelands Regional Local Economic Development Strategy (CW-RLEDs: 2012); and
- Generic marketing of the Cape Winelands as a preferred tourism destination that supports the objectives of the Cape Winelands Tourism Marketing Strategy (CW-TMS: 2012).

##### Participating SMMEs

- Increase sales of products/ services represented on the Cape Winelands District Municipality's stand by participating SMMEs;
- Obtain market intelligence and gauge response to the District as an Investment destination as well as to the various products/services offered within the District; and
- Penetrate new markets for the District's products and services by the participating SMMEs on the Cape Winelands District Municipality's stand.



**NAMIBIAN TOURISM EXPO 2016**

The aim of the Expo is to provide a platform for Namibia's Hospitality Industry to promote and market their products and services and to involve all in the industry as well as the general public. The Expo hosts exhibits by local, regional and international establishments and also features interactive Chefs' demonstrations, Arts and Crafts exhibitions, food, beer and wine tasting and a host of other activities to attract travel enthusiasts and the general public alike.

The participating exhibitors evaluated the Expo as well organised, informative and well attended by the public. The product owners were very pleased with the amount of sales they made. Feedback and recommendations to Cape Winelands District Municipality (CWDM) included the following:

**Did You Make Useful Business Contacts During The Exhibition? Please Elaborate In Detail**

- "Yes we did. Especially people starting lodges/guesthouses whom are looking for good product to sell/offer to their guests. Also international people visiting from overseas whom have contacts/friends that could be interested in a specific product." **(Alvi's Drift)**.
- "Yes very much!! It was a great opportunity to present our salts to the Nam market. We had such great feedback. A week later and several stores has contacted us. And I understand the Nam market better after being there in person" **(Funky Ouma)**.
- "I have met a few interested or potential buyers however the meetings which were supposed to have taken place did not materialize. There are possible leads which I am able to follow-up on based on the people I have met. A wine bar owner; An airline employee; Recommended wine exporters" **(Mhudi Wines)**.
- "Yes, we met new clients for catering & hospitality. We also invited the buyers from the chain stores to come and see & taste the full Willow Creek ranges." **(Willow Creek Olive Estate)**.

**What Value Did CWDM Bring In Relation To Your Attendance Of The Namibian Tourism Expo?**

- "Once again the Langeberg region was marketed in Namibia resulting in more tourists to our area. The free use of the stand, the transportation of our marketing material was appreciated and saved us a lot of money. Thank you." **(Langeberg Municipality)**
- "Awareness. Most people know of Stellenbosch, Paarl and Robertson, but are more unfamiliar with Worcester, Ashton and Montague. So for anyone who was there and planning on doing a trip to the Cape, they now know of new places they have not thought of before or didn't expect would be able to accommodate them." **(Alvi's Drift)**.
- "CWDM supported with exposure and marketing of the wines." **(Mhudi Wines)**.
- "They gave us the opportunity to market our products and services to the Namibian market." **(Willow Creek Olive Estate)**.

**SMME OPPORTUNITY ROADSHOW 2015**

In collaboration with its five local municipalities, Stellenbosch, Drakenstein, Breede Valley, Witzenberg & Langeberg, ten SMMEs have been identified to attend the roadshow; two per municipal area. These SMMEs have been beneficiaries of the CWDM Entrepreneurial Seed Fund and the CWDM Training and Mentorship Development Programmes. In preparation of the roadshow, a DVD recording of each SMME introducing themselves at their place of business was recorded. This was played for the duration of the roadshow and each SMME also received a copy. High resolution photos of the business owner and their products were also taken for the purpose of a booklet that was designed specifically for the attendance of the roadshow. Each SMME also received twenty-five (25) copies of the booklet and fifty (50) business cards containing their contact details and products and/or services.



### ENTREPRENEURIAL SEED FUND PROGRAMME

During the 2015/2016 financial year, 20 entrepreneurs were beneficiaries of the Entrepreneurial Seed Fund Programme. These businesses once again represented a variety of businesses and different trades for example woodwork, accounting services to SMMEs, photography, municipal dustbin cleaning, dog parlour services and pastry making.

One such entrepreneur with perseverance and who believes in quality customer service is Doreen Williams from Kylemore. Doreen is a 62 year old female and started operating in 2000 and registered at a later stage. She does alterations, dry cleaning and sells honey. She has approximately 150 clients per month and have three employees; all females.





The aim of this programme is to provide integrated support to SMMEs through the procurement of equipment that will assist and advance the business.

#### **SMALL SCALE FARMERS SUPPORT PROGRAMME**

The Small Scale Farmers Support Programme contributes to the rural growth and development of sustainable food security by providing financial support to emerging and small scale farming projects in the Cape Winelands. The CWDM have successfully supported eleven small farmers in the 2015/2016 financial year. These farming operations included strawberries and herb farming, vegetable farming, a flower project, piggery, egg broiler/laying unit and trout farming.

An example of a project which also contributes to the community is Bamayane Farming & Community Development Project situated in Nkqubela, Robertson. Tantaswa Ngebulana is a 55 year old female who started her business in 2009 and was farming chickens; she later developed an interest in vegetable garden. In 2014 she managed to secure a piece of land at Phumlani Adult Association in Nkqubela. She had a good harvest towards the end of October 2015 and as a result her client base has increased and has approximately 50-60 clients per month. In November 2015 she started visiting the chain stores in Robertson and has provided them with samples of her vegetables and they were impressed. By the end of 2015, she was supplying Pick n Pay and Robertson Fruit and Veg with spinach twice a week.



Churches and crèches in the community have been supportive since she started selling vegetables. She has two employees that have been assisting since she started the project with preparing of land, planting of vegetables, removal of weeding, irrigation as well as harvesting. Business is growing and she manages to get new clients each day.

#### **SMME TRAINING & MENTORSHIP PROGRAMME**

The SMME Training & Mentorship Programme was facilitated to all twenty Seed Fund beneficiaries and the eleven Small Scale Farmers. The programme aims to establish strong bases to these enterprises through a programme that covers all business development needs. The Small Scale Farmers programme was specifically



supported by an agricultural specialist who could provide detailed pre and post evaluation inputs which ultimately strengthened the farming operations of each small farmer.



Business mentor from Urban Econ facilitating a mentoring session with Hazel Afrika from Doggie Zone Pet Grooming Parlour in Paarl.

### Research and Information Management

In the 2015/2016 the LED Information Unit worked more closely with the Wesgro and Local Tourism Associations as part of keeping an up to date Economic/ Tourism Information. The Local Economic Development Unit is working with WESGRO to ensure that the statistics collected and reported is a true reflection of the Cape Winelands region Tourism Industry. The Local Tourism Associations on a monthly basis submits the visitor tracking forms to the LED Unit and it is then submitted to Wesgro for capturing and analysis.

The number of towns that have submitted the visitor tracking forms has been increasing on monthly basis. The buy in and participation of private tourism establishments has also increased. This will help the Cape Winelands District Municipality to plan better based on the data collected. This will help to promote the region better because of more accurate statistics being produced.

### Exhibitions/ Road shows

The exhibitions/Road shows provide a platform for Cape Winelands as a tourism destination both on the domestic and international platforms to promote the region. This results in tourists coming to the region to partake in tourists activities. The purpose is to maximise the close proximity to Cape Town to ensure inclusion in the itineraries by tourists. There is a greater emphasis on domestic tourism as this market plays a critically important role and contribution to the country's GDP. The exhibitions also provide a platform for SMME's within the Cape Winelands region to promote and network with the various market segments.



### **Tourism Events**

The events play a very important role in attracting visitors into the Cape Winelands region. All the events that take place in the region such as Wacky Wine Weekend, Franschhoek Uncorked, Christmas in Winter, Soetes and Sop just to mention a few continue to grow and therefore attract more visitors into the region.

### **Media/ Tour Operators Educationals**

Educationals are utilised as a platform to host media, tour operators and tour guides these media educationals are aimed at sharing various experiences with the media throughout the Cape Winelands region. This is done in exchange for editorials in various media publications such as Getaway Online Travel, News 24 Online Travel just to mention a few which would ordinarily be costly but as a result of the educationals is at a minimal cost and therefore affording Cape Winelands write ups in different publications.

### **Tourism Month**





September is recognised as Tourism Month on an annual basis. Each year the UNWTO (United Nations World Tourism Organisation) promotes a particular theme which is adopted globally with South Africa being no exception. This filters down to the provinces as well as the regions. Cape Winelands launches tourism month every beginning of Tourism Month. The main event is the Cape Winelands Mayoral Tourism Awards aimed at acknowledging the role played by the various stakeholders in the tourism industry within the region. This is also aimed at strengthening relations between Cape Winelands and other tourism stakeholders in the Cape Winelands region.

### LTA Projects

This project aims to assist Local Tourism Associations within the Cape Winelands District Municipal area with identifying and implementing tourism developmental projects within their respective towns. Projects like schools educational, art, music and classes for the youth, etc. are amongst the many projects identified. Through this project the Cape Winelands District Municipality aims to encourage communities in the tourism industry of the Cape Winelands region to become aware and an active part of tourism in our region and provide excellent service, and also be ambassadors of friendliness and hospitality to local and international tourists





### Tourism Training

Tourism is regarded by many as a vehicle for job creation. It is a process by which government and nongovernmental sector partner's work together to create better conditions for economic growth, poverty reduction and employment creation. In support of this process, and to create a competitive and sustainable tourism industry, it is imperative to support tourism initiatives that are in line with National, Provincial and Regional growth targets.

In order to develop initiatives that are aimed at stimulating economic growth at a regional level, the Cape Winelands District Municipality embarked on a process to improve the skills of entrepreneurs in the hospitality industry to provide services of the highest quality and excellence. This process involves improving the services rendered by SMME's in the hospitality industry, such as, caterers, restaurants and accommodation facilities within the District that host stakeholders, i.e. tourism delegations, private- and government. Through this culinary training, customer care training, event management, social media, first aid, computer training and introduction to wine training, SMME's in the Cape Winelands District will be better equipped to capitalize on the prospect of increasing tourism activity and service excellence.

Quite a number of trainees have been employed in the hospitality industry after completing the various courses offered by the Cape Winelands.



ECONOMIC ACTIVITY BY SECTOR			
GVA-R (CURRENT PRICES R'000)			
SECTOR	2010	2011	2012
Agriculture	4 771 921	5 066 709	5 557 412
Mining	41 152	51 459	35 200
Manufacturing	6 128 693	6 109 978	6 466 773
Electricity	562 775	648 852	712 683
Construction	1 308 423	1 398 606	1 465 070
Trade	4 480 399	5 002 687	5 516 101
Transport	2 056 369	2 257 461	2 366 790
Finance	6 575 766	6 415 642	6 929 936
Community Services	7 347 197	8 186 014	8 836 536
Total	33 272 695	35 137 408	37 886 501
Taxes less subsidies on products	4 315 332	5 057 630	5 234 411
Total (GDP)	37 588 027	40 195 038	43 120 912
Source: IHS Global Insight Regional Explorer, 2014			T 3.11.2



EMPLOYMENT BY SECTOR						
SECTOR	2010		2011		2012	
	No.	%	No.	%	No.	%
Agriculture	63 668	30.5%	61 327	29.5%	67 832	31.0%
Mining	106	0.1%	103	0.0%	105	0.0%
Manufacturing	28 232	13.5%	28 281	13.6%	28 655	13.2%
Electricity	515	0.2%	503	0.2%	518	0.2%
Construction	10 233	4.9%	9 861	4.7%	9 668	4.4%
Trade	31 122	14.9%	31 212	15.0%	31 186	14.3%
Transport	4 554	2.2%	4 514	2.2%	4 693	2.2%
Finance	15 699	7.5%	15 899	7.6%	16 189	7.4%
Community Services	44 495	21.3%	46 574	22.4%	49 426	22.7%
Households	9 983	4.8%	9 727	4.7%	9 811	4.5%
<b>Total</b>	<b>208 606</b>	<b>100.0%</b>	<b>208 003</b>	<b>100.0%</b>	<b>217 884</b>	<b>100.0%</b>
Source: IHS Global Insight Regional Explorer, 2014					T 3.11.3	

### COMMENT ON LOCAL JOB OPPORTUNITIES

From various reports from economists it seems that 2016 the economy will perform worse than in 2015. It is reported that both domestic and external growth drivers could lose some momentum during 2016. A drawback in real household income as headline inflation trails up during 2016 will leave real consumer spending under pressure during the year. Policy uncertainty, the low-growth trajectory, and falling business confidence levels will furthermore constrain private investment spending.

Sluggish global demand, particularly for commodity-related exports, combined with domestic structural constraints, of which sufficient electricity supply, lack of business and consumer confidence, and rising unit labour costs are the most pressing, eroded some of South Africa's gains attained in international competitiveness because of the significantly weaker rand exchange rate.

These national trends will influence the municipal economy and it is expected that the municipal economy will mimic that of the national economy.

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES					
JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
T1 – T3	0	0	0	0	0%
T4 – T8	1	2	1	1	50%
T9 – T13	2	2	2	0	0%
T14 – T17	2	1	1	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>16.67%</b>
					<b>T3.11.8</b>

FINANCIAL PERFORMANCE 2015/2016: LOCAL ECONOMIC DEVELOPMENT SERVICES					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	312	988	988	736	26%
Employees	1 740	1 869	1 869	1 842	1%
Repairs and Maintenance					
Other	4 489	4 751	4 751	4 016	15%
Total Operational Expenditure	6 229	6 620	6 620	5 858	12%
Less: Loss on Disposal of PPE	9	17	17	17	0%
Net Operational Expenditure	6 220	6 603	6 603	5 841	12%
					<b>T3.11.9</b>

CAPITAL EXPENDITURE 2015/2016: LOCAL ECONOMIC DEVELOPMENT SERVICES					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment budget	Total Project Value
Total all	R 35,00	R 35,00	R 35,00	0%	
LED MANAGEMENT SYSTEM SOFTWARE	35	35	35		



**COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL**

The CWDM is increasingly focusing on fulfilling its role to create an enabling environment in which communities and business can thrive. It has therefore focused on implementing programmes such as the Business Retention and Expansion Programme (technical assistance provided by DEDAT, SALGA and the BR&E Unit of WESGRO); the DEDAT/CWDM Municipal Red Tape Reduction Programme; the Trade and Tourism Exhibition Programme where SMMEs in the Cape Winelands municipal district are afforded the opportunity to market their products both domestically and internationally; and the CWDM and Business Training and Mentorship Programme for entrepreneurs in our communities. Tourism marketing and product development is also a key component of local economic development initiatives in the Cape Winelands municipal district. The Working for Water and Alien Vegetation Management EPWP Programmes are important enablers for job creation.

The service delivery performance of the Departmental Local Economic Development was at 92,3% with 26 out of the 28 programmes achieving 100% or more (overachievement). The two projects that underachieved were within these programmes were:

**CWDM Tourism Marketing Programme:** Media/Tour Operator Educationals Project

**CWDM Tourism Product Development Programme:** Community Tourism Training Project

Both projects could not achieve its targets due to challenges experienced with municipal procurement.

**COMPONENT D: COMMUNITY AND SOCIAL SERVICES****3.20 INTRODUCTION TO CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES**

The Division Rural and Social Development of the Cape Winelands District Municipality focuses on building and maintaining social capital through access to programmes and services. Related programmes aim to increase physical activity, enhance education, improve skills levels, enhance employability, provide access to assistive devices, provide funding for community-based organisations and promote the rights of vulnerable groups. The success of these programmes are based on the strong and vibrant partnerships with national and provincial government, B-municipalities, civil society organisations, communities across the Cape Winelands municipal district and training institutions. The following projects were implemented to address the service delivery priorities for the 2015/2016 financial year:

**COMMUNITY SUPPORT PROGRAMME**

Funding is provided to support civil society organisations in rendering services focusing on poverty alleviation and rural development amongst rural poor and impoverished households. The funding maximised the poverty alleviation impact of sixty (60) community organisations across the Cape Winelands municipal district. This programme also enhances the capacity of beneficiary organisations to render service that will contribute to the achievement of our strategic objectives.

**DISABILITY PROGRAMME**

This project aims to improve the livelihoods of people with disabilities and to address social barriers that exclude people with disabilities from the various systems of society. Accessibility is important to achieve the principles of full inclusion, equality and participation in mainstream society.

**Hearing Aids Project**

Diagnostic hearing test were implemented at schools across the district by the Cape Winelands Department of Health District office. Test results indicated that twenty eight learners have a hearing impairment. The municipality provided fifty (50) hearing aids because some of the learners required 2 hearing aids to improve the audio ability. The provision of hearing aids improved the accessibility of hearing impaired learners in terms of education and communication.

**International Day for Persons with Disabilities Project**

The commemoration of the International Day for Persons with Disabilities was on the 3<sup>rd</sup> of December was observed in partnership with organisations in the disability sector. 500 Persons with disabilities were reached through these programmes.



### **Skills Development for Persons with Disabilities Project**

The lack of Skills Development was one of the challenges that was identified at the Disability Conference which was held on 23 April 2014. Customer Care training for persons with disabilities was identified as one of the Soft Skills training needs." Cape Winelands District Municipality in partnership with Stellenbosch Municipality, the Association for Persons with Disabilities (APD) Stellenbosch, and the Disability Networking of Stellenbosch implemented a Customer Care Training Programme for fifteen (15) physically disabled persons. The training was implemented to improve the skills levels and employability of persons with disabilities.

## **THE ELDERLY PROGRAMME**

### **Golden Games Project**

Through the implementation of projects for the elderly, the Cape Winelands District Municipality strives to maintain and protect the status, wellbeing, safety and rights of older persons. These projects also aim to promote and create an enabling environment for the elderly to participate actively in a healthy lifestyle, wellness and cultural activities. Elderly persons have made valuable contributions to build communities in the Cape Winelands district. Cape Winelands District Municipality in partnership with Service centres, Western Cape Older Persons forum, B-Municipalities, DSD and DCAS successfully hosted a District Golden games event on the 4<sup>th</sup> of August 2015. The event was held at Boland Park stadium in Worcester and approximately 1200 elderly people from across the district attended this event. The purpose of the event was to sensitise elderly people of their rights, human dignity and take part in competitive sport. The winners of the Regional Golden Games participated in the Provincial Golden Games on 4- 5 September 2015 at Blue Downs Sport Stadium in Cape Town. The National Golden Games was held in Kimberley on 25-31 October 2015. The relay team of the Cape Winelands District obtained gold medals at this event. The Cape Winelands team received twenty-six (26) medals in the sporting codes, jukskei, throw ball, rugby ball, various relays and even the dress up race. A ceremony was held on 21 January 2016 to honour the athletes of the Cape Winelands District that participated in the National Golden Games.

### **More Living Active Age Project**

Recreational and cultural tours were implemented as part of the More Living Active Age Programme for the elderly in our district. These tours provided the elderly with opportunities to research on the socio-economic, cultural and historical developments that has taken place as well as the significant impact the history and developments had on the underprivileged communities and the elderly.

## **FAMILIES AND CHILDREN PROGRAMME**

Families are the corner stone of communities. Dysfunctional families lead to dysfunctional communities. The project aims to strengthen the capacity of families and communities to care for and protect children. Interventions to support vulnerable families are vital in alleviating abuse, neglect and poverty.

### **Educational Excursions Project**

Through this project poor two thousand- seven- hundred (2700) learners of rural schools were afforded opportunities to embark on educational excursions which enhanced learning outside of the classroom.

### **Victim Empowerment Programmes Project**

Victim Empowerment programmes and Holiday programmes were implemented to ensure that the six hundred (600) children in the Cape Winelands Municipal District are protected and cared for during school holidays. Life Skills camps were implemented for vulnerable groups which addressed social ills like substance abuse, domestic violence, sexual offences; forms of violence; self-protection; gender roles; healthy relationships and informed choices. These camps were done in partnership with NGOs, SAPS, Department of Social Development, Department of Justice and Department of Correctional Services. Five hundred (500) vulnerable families and children were provided with food parcels as part of a food security initiative.

### **Foetal Alcohol Prevention Project**

A Pregnant Women Mentorship programme was implemented in partnership with FASFacts. The objective of the programme is to prevent the increase of FAS by assisting girls and adult women making the decision not to drink any alcohol when they will be pregnant, or when they plan to become pregnant. The Mentors are responsible for ensuring that the pregnant women abstain from alcohol during pregnancy and breastfeeding period. They are also providing support for the family during this period.

### **HIV AND AIDS PROGRAMME**

HIV and AIDS impact on the sustainability of communities and their development conditions. The implementation of interventions is crucial in ensuring that the vulnerability of infected and affected persons is decreased. The interventions namely HIV/AIDS awareness campaigns, World Aids day, HIV/Aids & Male circumcision; HIV & breastfeeding and 16 Days of Activism Against the Abuse of Women and Children are implemented in partnership with the Multi Sectoral Action Team (MSAT) structures in each B-Municipal area. These programmes focus on reversing the effects of the HIV/AIDS pandemic and support to infected and affected families in the district. Educational items were provided for children living with HIV/AIDS ECD programme.

### **16 Days of Activism Project**

16 Days of Activism campaigns were supported across the district. The Ithemba Fun walk is implemented annually in partnership with Department of Education to raise awareness on HIV/AIDS amongst primary schools. Amongst the One –thousand –seven hundred (1700) persons were Christo Davids and Vinette Ebrahim, actors of the soapie 7 De laan. The actors are positive role models and their life stories motivated parents and learners to rise above their circumstances.



## SKILLS DEVELOPMENT PROGRAMME

Skills development is identified as one of the priority needs for sustainable development in rural communities within the Cape Winelands District Municipality. Violence, social isolation and low education levels makes young unemployed women more vulnerable and increases their risks of sexual exploitation. Economic empowerment opportunities reduces conditions of vulnerability and improve the resilience of young women. Young people are the important focus and a priority because the lack of skills development contributes to increasing unemployment rate amongst youth in rural areas. Skills development programmes enhance the employability and SMME development amongst women and youth.

### The Clothing Bank Partnership Project

A pilot project was implemented in partnership with The Clothing Bank for twenty (20) women of Worcester and Ashton. The project entails a two year training programme that empowers unemployed mothers to start a small retail trading business. The motto of the programme is **"Don't give a woman a fish, teach a woman to fish AND teach her how to sell her fish"**.

### Driver's License Training Project

Cape Winelands District Municipality in partnership with the Health, Education, Social Development sector departments and B-Municipalities embarked on an Integrated Governmental Relations programme for sixty (60) Interns. The programme afforded them the opportunity to obtain a Driver's Licence in addition to the workplace experienced gained at the respective Government entities. Training consisted out of 5 (five) Practical driving lessons and a Driver's Licence test. The purpose of this inter- governmental partnership programme is to enhance the employability of graduates and to ensure that they exit the Internship programme with another achievement. This programme also enhanced the service delivery in the Health, Education, Social Development and Municipal sector.

### Baking Skills Training Project

Cape Winelands District Municipality joined forces with various partners, such as Stellenbosch Municipality, Department of Social Development and NGOs, to empower twenty (20) women with Baking Skills Training at Boland College in Stellenbosch. This training need and beneficiaries were identified in partnership with Stellenbosch Municipality and other stakeholders. Stellenbosch is rich in its food industry and with the hospitality industry growing tremendously over the years. This type of training creates a stepping stone for those struggling with unemployment to enter into this market either by formal employment or entrepreneurship.

## WOMEN PROGRAMME

Women's Month and International Women's day programmes were implemented annually in partnership with various stakeholders. These programmes focussed on creating opportunities for the empowerment and upliftment of women. Through these programmes women were empowered with information around Gender Based Violence, positive self-image, accessing legal services, active aging, safety tips & health & wellness aspects.

Five (5) Women's day programmes were implemented in partnership with various stakeholders during Women's Month for One-thousand – five hundred (1500) women from across the district. One of these programmes had a specific focus on aspects that affects Elderly women. The purpose of the programme was to raise awareness on issues of Gender Based Violence in the Elderly sector. The target group was Elderly women from Service Centres in the Breede Valley area and the partners included the Worcester Thuthuzela Care Centre,

Department of Social Development, Legal Aids South Africa-Worcester; Worcester SAPS Women's Network & FCS Unit and Ukwanda Rural Clinical School. Through this programme elderly participants were empowered with information around accessing legal services, active aging, safety tips & health & wellness aspects. Certificates of Appreciation were also handed over to Service Centre Coordinators.

## **YOUTH PROGRAMME**

Youth Development initiatives are crucial for the economy and the prevention of social crimes.. These programmes were implemented to address issues that are affecting youth.

### **Youth Dialogues Project**

The youth dialogues focussed on issues affecting Youth and possible resolutions for the issues. Six hundred (600) Youth from across the district participated in these dialogues.

### **Grade 10-12 Support Project**

Activities like career exhibitions, Matric Motivation programmes and Spring-school programmes were supported in order to enhance opportunities for Grade 10 - 12 Learners. Thirty four (34) Secondary schools and five-thousand- two hundred and forty seven (5247) learners from across the district were afforded the opportunity to participate in Career Exhibitions. A Grade 12 Top Achievers Award Ceremony was held to acknowledge the Grade 12 top Learner of each school in the district. Parents and dignitaries attended this ceremony with the 64 Learners.

### **Life Skills Camps Project**

Life skills camps for five hundred (500) youth were implemented which focussed on self-image, emotional intelligence, peer pressure and bullying, choices, substance abuse and healthy life styles.

### **Youth Month Project**

Seven hundred (700) Youth from across the district participated in Youth Month programmes. Cape Winelands District Municipality believe that there is great benefit in celebrating and investing in young people by creating pathways for accelerated development. These programme motivates young people to maintain healthy life style and to enrol for tertiary education in order to acquire employment.



**COMPONENT E: ENVIRONMENTAL PROTECTION**

This component includes: pollution control, biodiversity and landscape and coastal protection.

**3.21 POLLUTION CONTROL****COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL****ENVIRONMENTAL POLLUTION CONTROL****AIR QUALITY**

The responsibility and accountability for the implementation of the National Environmental Management: Air Quality Act (NEMAQA) in the Cape Winelands District Municipality resorts within the Municipal Health Services (MHS) division a division within the bigger Department Community Development and Planning Services.

An Air Quality Officer (AQO) as required in terms of the NEMAQA has been designated by the CWDM.

**AIR QUALITY MANAGEMENT PLANNING**

In accordance with the requirements of AQA, Section 15(1), the CWDM developed an Air Quality Management Plan (AQMP) for the CWDM for the district. The CWDM AQMP was approved by the Council in 2010 and has been included as a sector plan in the IDP since 2011. The inclusion of the CWDM AQMP into the CWDM IDP subsequently indicates the CWDM commitment to Air Quality Management and the statutory obligations of the AQA.



The CWDM accepts its roles and responsibilities in respect of the implementation of the AQA and strive to effectively address all air quality management related matters. Air quality management remains a shared responsibility with municipal health services within the Directorate: Community and Development Services.

The CWDM Air Quality Management Plan (AQMP) is due for revision but this review has been delayed until the current review of the provincial AQMP has been completed in order to ensure that the objectives and framework fundamentals of the revised provincial AQMP, can be incorporated in the revised AQMP of the CWDM.

**Education and Awareness-raising**

The CWDM, Municipal Health Service - Environmental Health Education programme includes the topic of air pollution. This programme uses live theatre performances at schools to create awareness amongst school going children on a variety of environmental health issues and also includes the development of placards, pamphlets, posters and other educational material. The live theatre respectively reached 18850 learners at 40 schools during the first two quarters of the 2015-2016 financial year

**Capacity building and training**

The CWDM engaged in the following capacity building and training activities in relation to air quality:

- National Association for Clean Air (NACA) Western Cape Branch Seminar: Challenges of Dust Deposition Monitoring - 26 Aug 2015.
- NACA Seminar: In-Stack Emission Monitoring and Reporting in compliance with Atmospheric Emission Licence requirements - 13 November 2015.
- Two EHP's attended training provided by the National Department of Environmental Affairs: Relating to Ambient Air Quality Monitoring in May of 2016.

**Air Quality Monitoring / Passive sampling**

Two D:EA&DP air quality monitoring stations are being operated within the CWDM. The coordinated data obtained from D:EA&DP continuous air quality monitoring stations operated in Stellenbosch and Worcester provides the CWDM with a clear picture as to the state of air quality within these areas. The CWDM also provides assistance to D:EA&DP as required in monitoring activities or to perform tasks at DEA monitoring stations.

Authorisation conditions set in AEL's issued by the CWDM include amongst others that the operators of listed activities monitor and report their emissions to CWDM and the internet-based National Atmospheric Emissions Inventory System. This will provide the CWDM with a data base of ambient emissions from these industries within the district.

**Air Quality By-laws or legislation**

Based on the air quality functions of district municipalities, the CWDM drafted a municipality-specific AQ bylaw. This bylaw will be presented to the CWDM council for pre-approval and will follow a Public Participation Process in the 2016-2017 financial year. The CWDM aim to have their AQ bylaw promulgate during the 2016-2017 financial year.

**Air Quality Forum / Industry Working Groups**

The CWDM officially designated an AQO to perform functions as required through the AQA.

- CWDM Industrial Air Quality Forum members are inform of legislation amendments or new legislation.
- CWDM set conditions within AEL's for some license holders to establish environmental forums and report on environmental performance. The CWDM AQO attended AEL holder forum meetings.

Local Municipality commitment to AQM in terms of the AQA.



Municipality	Intervention	Complete	In Progress	Require Action
Breede Valley	Designated AQO	Designated		
	Developed AQMP		Final Draft	
	Emissions Inventory(EI) Non-Listed Industries			No EI
	Attend AQO Forums	Yes		
Drakenstein	Designated AQO	Designated		
	Developed AQMP	Yes		
	Emissions Inventory(EI) Non-Listed Industries	Yes		
	Attend AQO Forums	Yes		
Langeberg	Designated AQO	Designated		
	Developed AQMP			No AQMP
	Emissions Inventory(EI) Non-Listed Industries			No EI
	Attend AQO Forums	Yes		
Stellenbosch	Designated AQO	Designated		
	Developed AQMP	Yes		
	Emissions Inventory(EI) Non-Listed Industries			No EI
	Attend AQO Forums	Yes		
Witzenberg	Designated AQO	Designated		
	Developed AQMP	Yes – Under Revision		
	Emissions Inventory(EI) Non-Listed Industries			No EI
	Attend AQO Forums	Yes		

**Emissions Inventory**

Emissions inventory of all Section 21 Listed Activities within the CWDM is up to date.

Listed Activity	Activity Description
IC-SA Crematorium	Crematorium
Rainbow Chicken Farms	Animal Rendering Plant
Worcester Bakstene	Clamp kilns for brick production
Naude Bakstene Bk	Clamp kilns for brick production
Klein Karoo Bakstene	Clamp kilns for brick production
Cape Lime	Lime production
Twohil Co	Clamp kilns for brick production
Drakenstein Crematorium	Crematorium
Paarl Brickfields	Clamp kilns for brick production
De Hoop Brickfields	Brick production
Rheinmetall Denel Munition	Ammunition Production
McMillan Bricks	Clamp kilns for brick production
Boland Bricks	Clamp kilns for brick production
Cabrigo Brickfields	Clamp kilns for brick production
Cape Sawmills	Sawmill and wood drying
Provincial Veterinary Laboratory	Veterinary Waste Incinerator
Drakenstein Municipality Premix Plant	Macadam Premix Plant *
Drakenstein Municipality WWTW Waste Incinerator	Waste Incinerator *

\*D:EA&DP are the Atmospheric Licensing Authority for the two listed activities operated by Drakenstein Municipality within the CWDM.



Due to the negative impact the economy had on the wood manufacturing industry Cape Sawmills was compelled to cease all activities at the end of November 2015.

An integrated environmental authorisation process for the proposed installation of incinerators at the Drakenstein Correctional Services abattoir is being followed. DEA will be fulfilling the function as Atmospheric Licensing Authority activity in terms of the Air Quality Act Section 36(6) upon if this environmental authorisation be granted.

### **CO-OPERATIVE GOVERNANCE**

Cooperative governance formed an essential component of the CWDM AQMP and Good co-operation exist between the CWDM and the local municipalities. Notwithstanding these limitations with regards to air quality management personnel, skills, resources and tools, all five municipalities in 2015 had their AQO's designated and these designate officials attended at least one of the provincial AQO forum meetings.

Local Municipalities did show an interest to enter in a service - level agreement with CWDM for AQM functions to be carried out by CWDM with skills transfer in order to capacitate official at local municipalities to fulfil this function. No formal Service Level agreement was drafted in the reporting period but on request the CWDM did provide support to these municipalities.

The CWDM was instrumental in assistance to these respective municipalities in handling more complex air quality complaints and providing information as required by these municipalities on air quality management within their municipalities on:

- Noise complaints
- Registration of small boilers
- Burning of refuse
- Odour complaints

The CWDM did initiate meetings under the guidance of D:EA&DP, between the CWDM and the applicable local municipality with air quality concerns involving both sphere of government.

- Legal dispute with odour and health related complaints from a mushroom producer.
- Permitted burning of agriculture biomass.
- Refuse burning on municipal and private properties.
- Dumping of sewage sludge from municipal waste water works on private land.
- Odorous complaints from the disposal of waste water with approval from D:EA&DP on private land.
- Odorous complaints from an agriculture activity adjacent to the Joostenberg N1 Weighbridge.

CWDM officials attended a Joint Air Quality Management Working Group meeting between the West Coast District Municipality and their respective Local Municipalities, to gain insight and knowledge on how collaboration with regard to AQM in this district is addressed.

### **RECOMMENDATIONS:**

- The N1 traffic through the Cape Winelands district has the potential for excessive vehicle emissions, especially heavy diesel-powered vehicles. The CWDM in conjunction with local municipalities should investigate the possibility of vehicle emission testing in the district in order to minimize the effect of vehicle emissions on the environment.
- In order to establish a good working relationship between the CWDM and Local Municipalities, the following will receive special attention during 2016:
  - Finalisation of the AQMP's to address the air quality functions within these municipalities;

- Establishment of a Joint Municipal Air Quality Working Group to coordinate service delivery in respect of air quality management.

**CONCLUSION**

The CWDM improved the technical skills of the officials in the on-going capacity building to render the AQM functions as required by the AQA.

In order to strengthen the functionality and support Air Quality Management within the CWDM with efficient service delivery in respect of air quality management and planning in the CWDM, the CWDM included the position of the Air Quality Officer in the Organizational Structure of the Council for the 2015-2016 financial year.



### 3.22 BIODIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

#### CAPE WINELANDS BIOSPHERE RESERVE (CWBR)

The CWDM fulfils a secretariat role for the CWBR, which is a sustainable development initiative. The CWBR implements projects pertaining to the three functions of the biosphere reserve concept, which is:

- A conservation function – to contribute to the conservation of landscapes, ecosystems, species and genetic variation;
- A development function – to foster economic and human development which is socio-culturally and ecologically sustainable; and
- A logistics function – to provide support for research, monitoring, education and information exchange related to local, national and global issues of conservation and development.

The CWBR is dually a platform that enables cooperative governance where all spheres of government take part in the national Man and the Biosphere Programme as well as private initiatives.

#### UNOFFICIAL ENVIRONMENTAL MANAGEMENT FUNCTION

Apart from the functions mentioned above, this division also implements an unofficial Environmental Management function.

This function is divided into two sections; a) Environmental Planning Policies and Frameworks and b) Natural Resource Management Programmes and Training.

##### *a) Environmental Planning Policies and Frameworks*

- Draft Cape Winelands Environmental Management Framework (To be reviewed due to amendments to the National Environmental Management Act Regulations)
- Draft Framework for a Climate Change Response Strategy (Completed)

##### *b) Natural Resource Management Programmes and Training*

- Cape Winelands Invasive Alien Vegetation Management Programme
- River Rehabilitation Programme

These programmes, underpinned by the Expanded Public Works Programme in particular the Environmental Sector, draw significant opportunities for unemployed women, youth and disabled persons to continue work in clearing of invasive alien plants and environmental rehabilitation on a labour-intensive basis across the district.

The programme entails the appointment of community-based contractors to clear invasive alien plants, rehabilitate degraded natural environments and relevant alien clearing projects within district, through labour-intensive project implementation and relevant skills development as part of the EPWP (Environmental Sector)

public works programme; with inclusion of targets of vulnerable groups of society i.e. women (55%), youth (40%) and disabled persons (2%), also ensuring 90% use of local labour in communities.





**COMPONENT F: HEALTH****3.23 INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENSING AND INSPECTIONS, ETC.****MUNICIPAL HEALTH SERVICES****OVERVIEW****LEGAL FRAMEWORK**

In terms of Part B of Schedule 4 of the Constitution of the Republic of South Africa, 1996, Section 156(1)(a) Municipal Health Services had been entrusted to local authorities. According to the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), Section 84(1)(i), Municipal Health Services (MHS) were consequently declared the responsibility of a District Municipality (Category C) and/or Metropolitan Area (Category A).

The National Health Act, 2003, (Act No. 61 of 2003), Section 32(1), tasks every metropolitan and district municipality to ensure the provision/rendering of Municipal Health Services (MHS).

Therefore, the Minister of Local Government and Housing entrusted in Government Notice No. 826, dated 13 June 2003, the delivery of Municipal Health Services (MHS) with effect from 1 July 2004 to district municipalities.

In terms of Section 1 of the National Health Act, 2003, (Act No. 61 of 2003) Municipal Health Services were declared to be:

- Water Quality Monitoring;
- Food Control;
- Solid Waste Management;
- Health Surveillance of Premises;
- Surveillance and Prevention of Contagious Diseases, excluding Immunisation;
- Vector Control;
- Environmental Pollution Control;
- Disposal of the Dead, and
- Safe Handling of Chemical Substances but excludes Port Health, Malaria Control and control of Hazardous Substances.

**MUNICIPAL HEALTH SERVICES MISSION AND VISION****MISSION**

To support and promote a comprehensive and equitable municipal health service throughout the Cape Winelands District Municipality (CWDm) and, where there is a lack of the latter, to initiate a similar service; and to provide effective environmental health management in order to achieve all environmental health objectives set.

## VISION

To the benefit of all inhabitants within the CWDM, promote and assure environmental sustainability. It is the strategic objective of the department to ensure the right of every person in the Cape Winelands to an environment that is not harmful to their health or wellbeing, as set out in the Constitution of the Republic of South Africa, 1996, Chapter 2 Bill of Rights, Section 24(a).

### Achievements during 2015/2016:

In order to equip Environmental Health Practitioners (EHP's) to function effectively in an ever changing legislative environment EHP's were exposed to the following capacity initiatives:

- Six EHP's attended training provided by the National Department of Health: An overview of origin, safe handling, storing and disposal of waste.
- Two EHP's attended training provided by the National Department of Environmental Affairs: Ambient Air Quality Monitoring Training.
- Seven EHP's attended training relating to Koeberg Emergency Plan and Radiation Training.

EHP's as registered health practitioners are also required by law to engage in continued professional development activities (CPD). These activities are registered and administered by the HPCSA and it is compulsory for all EHP's to comply with CPD requirements in order to maintain their registration with the HPCSA.

The CWDM empowered all their EHP's to comply with these requirements by subscribing to a service that allows EHP's to acquire the necessary CPD points by completing online training courses.

## FUNCTIONS

### (A) WATER QUALITY MONITORING

#### DEFINITION

Monitoring and surveillance of water safety, quality and availability intended for human consumption, recreational and industrial use.

This function includes the following:

- Monitoring of water reticulation systems in terms of health related issues;
- Monitoring of quality and availability of water intended for human consumption, recreation or industrial use;
- Regular taking and analysis of water samples;
- Identify and control sources of water pollution;
- Protection of water sources and resources by enforcement of laws and regulations relating to water quality;
- Ensure water supply that is safe for human consumption and complies with the Water Services Act, 1997 (Act No. 108 of 1997) and SANS Code 241;
- Implementation of health and hygiene awareness actions and education relating to water quality, water supply and sanitation; and
- This function excludes water supply and purification.



WATER QUALITY SAMPLING 2015 – 2016	
Drinking Water SANS 241	1117
Water Used in Milking Sheds	20
General limit for Wastewater discharged into a water resource	181
Special Limit for Waste Water Discharge	37
Moore Pads (Cholera monitoring)	9
Rivers, Dams, Canals etc.	282
Swimming pool water	209
<b>TOTAL</b>	<b>1855</b>

## (B) FOOD CONTROL

### DEFINITION

Food control is described by the World Health Organisation (WHO) as a mandatory regulatory activity of enforcement by national or local authorities to provide consumer protection and ensure that all foods during production, handling, storage, processing and distribution are safe, wholesome and fit for human consumption; conform to quality and safety requirements and are honestly and accurately labelled as prescribed by law.

The function ensures consumer protection through the following actions:

- Food inspection at point of production, storage, distribution and consumption;
- Regulate food premises regarding hygiene and the prevention of nuisances through regular inspections and the enforcement of the Regulations governing General Hygiene requirements for Food Premises and the Transport of Food, R962 of 23 November 2012;
- Regulate milking sheds by issuing Certificates of Acceptability for Milking Sheds in terms of Regulations relating to hygiene requirements for milking sheds and the transport of milk and related matters, R961 of 23 November 2012;
- Regulate the informal food industry by means of R962 of 23 November 2012;
- Control of food premises by issuing Certificates of Acceptability for Food Premises in terms of Regulation R962 of 23 November 2012;
- Ensure that food is safe and healthy for human consumption through enforcement of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972);

- The detention, seizure, condemnation and sampling of foodstuffs in terms of Regulations relating to the powers and duties of inspectors and analysts conducting inspections and analyses on foodstuffs and at food premises, R328 of 20 April 2007;
- Monitor labelling of foodstuffs as prescribed by the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972);
- Providing education and training on food safety to the food industry; and
- Issuing of Export Certificates at the request of industries.

ACTIVITIES CONDUCTED IN RELATION TO FOOD CONTROL	
No. of inspections conducted at food premises	7187
Applications for Certificates of Acceptability inspections conducted	694
No. of Certificates of Acceptability issued	667
No. of Orders and Notices issued to food premises	96

FOOD QUALITY SAMPLING 2015 – 2016	
Cooked poultry	111
cooked sea-water and freshwater foods	82
dairy product or composite dairy product with the exception of ripened cheese	147
Desiccated coconut	5
Dried spices and aromatic plants	121
Edible gelatin	9
Edible Ices	38
egg product after pasteurization or irradiation	1
Fruit juice for consumption	92



FOOD QUALITY SAMPLING 2015 – 2016	
General Micro analyses of Foodstuffs	204
in the case of ripened cheese	38
natural mineral water or bottled water	72
partly cooked or uncooked sea-water and freshwater foods	31
pasteurised milk, pasteurised reconstituted (prepared) milk, pasteurised skimmed milk, pasteurised reconstituted (prepared) skimmed milk or pasteurised cream	340
Raw milk intended for further processing	42
raw milk that has become sour for consumption	2
raw milk, raw cream, raw skimmed milk, raw reconstituted (prepared) milk or raw reconstituted (prepared) skimmed milk for consumption	1
Rooibos tea packed in retail packaging at the point of sale	3
Sterilized cream, sterilized milk, sterilized reconstituted (prepared) milk or UHT cream or UHT milk	7
Sugars that are used for canning	2
<b>TOTAL</b>	<b>1348</b>

### (C) WASTE MANAGEMENT

#### DEFINITION

Monitoring of waste management systems, refuse, health care waste, hazardous waste and sewage.

This function refers to:

- The monitoring of waste management systems, including health care waste (SANS 10248: 2004), hazardous waste, sewage and waste water;
- Monitoring for the occurrence of health nuisances during the storage, treatment, collection, handling and disposal of the various categories of waste;
- Taking samples of any waste product and the analysis thereof in order to determine possible health risks;
- The identification of needs and motivation for the promotion of sanitation;
- The enforcement of municipal By-laws and The National Health Act, 2003 (Act No. 61 of 2003) where health nuisances arise as a result of waste;
- Excludes the operation of a waste management system as rendered by B-municipalities; and
- Educating communities within the Cape Winelands on issues of waste management and pollution control.

#### (D) HEALTH SURVEILLANCE OF PREMISES

##### DEFINITION

The identification, monitoring and evaluation of health risks, nuisances and hazards and instituting remedial and preventative measures. This function includes:

- The identification, monitoring and evaluation of health risks, nuisances and hazards;
- Taking action in terms of the National Health Act, 2003 (Act No. 61 of 2003) and the Municipal Health By-Laws to ensure that corrective and preventative measures are implemented;
- Registering and Certifying Funeral Undertakers' Premises and Mortuaries in terms of R363 of 22 May 2013 Regulations relating to the management of human remains;
- MHS monitor premises on an on-going basis for compliance with health regulations relating to smoking in public places;
- Provide inputs towards environmental impact assessments on health related issues;
- The prevention or reduction of any condition on any premises that may be hazardous to the health or welfare of people;
- Law enforcement; and
- Educating communities of the Cape Winelands on communicable diseases.

##### Premises:

- Abattoirs;
- Intensive animal keeping;
- Offensive trades;
- Crematoria;
- Medical waste generators;
- Medical centres;
- Hospitals;
- Clinics;
- Pharmacies;
- Old age homes;
- Places of care; and
- Veterinarians.

##### Public places:

- Places of gathering;
- Cemeteries;
- Sports fields;



- Public facilities;
- Public conveniences;
- State and parastatal premises;
- Schools;
- Public service facilities (e.g. municipal buildings, police stations and post office); and
- Correctional centres

#### Educational Institutions

- Crèches;
- Private schools; and
- Tertiary educational institutions

#### Business Premises

#### Industrial Premises

### (E) Surveillance and Prevention of Communicable Diseases Excluding Immunisations

#### DEFINITION

The identification, monitoring and prevention of any disease, which can be communicated directly or indirectly from any animal or through any agent to any person or from any person suffering therefrom or who is a carrier to any other person.

This function entails:

- The identification, investigation and monitoring of outbreaks of listed notifiable medical conditions;
- The introduction of the required corrective and preventative measures;
- Deployment of the required response teams in respect of municipal health;
- The promotion of health and hygiene aimed at preventing the incidence of environmental conditions that could result in contagious diseases;
- The drafting of contingency plans for certain diseases and giving inputs and participating in disaster management plans; and
- The collection, analysis and dissemination of epidemiological data and information.

### (F) VECTOR CONTROL

A vector is any organism (insects or rodents) that can transmit a disease from one organism to another.

#### DEFINITION

Monitoring, identification, evaluation and prevention of vectors.

The function refers to:

- The elimination or correction of conditions promoting the habits and breeding habits of vectors; and
- Developing awareness in communities of zoonotic diseases by means of vectors and the control thereof through education and training.

**(G) ENVIRONMENTAL POLLUTION CONTROL****DEFINITION**

The identification, evaluation, monitoring and prevention of land, soil, noise, water and air pollution.

The National Health Act, 2003 (Act No. 61 of 2003) refers to pollution as per definition in Section 1 of the National Environmental Management Act, 1998 (Act No. 107 of 1998) which defines pollution as; any change in the environment caused by:

- substances;
- radioactive or other waves; or
- noise, odours, dust or heat;

emitted from any activity, including the storage or treatment of waste or substances, construction and the provision of services, whether engaged in by any person or an organ of state, where the change has an adverse effect on human health or well-being or on the composition, resilience and productivity of natural or managed ecosystems, or on materials useful to people, or will have such an effect in the future.

The function relates to the identification, evaluation, monitoring and prevention of the pollution of:

- Soil;
- Water;
- Air; and
- Noise.

In as far as it relates to health.

- The promotion of living areas safe for your health;
- Identification of pollution agents and sources;
- Providing health related inputs regarding new developments;
- Evaluate and give input regarding environmental impact studies; and
- Educate and train communities regarding environmental pollution.

**(H) AIR POLLUTION**

- District Municipalities are responsible for the issuing of atmospheric emissions licences (AEL's);
- The division has committed a great deal of resources to train and equip environmental health practitioners to execute this function;
- The designation of EHP's as Environmental Health Inspectors is an outstanding issue that needs to be addressed at a national government level.

**(I) DISPOSAL OF THE DEAD**



**DEFINITION**

Compliance monitoring of funeral undertakers, mortuaries, embalmers, crematoria, graves and cemeteries and to manage, control and monitor exhumations and reburial or disposal of human remains.

This function refers to the monitoring and certification of:

- Undertakers and embalmers;
- Mortuaries and other places involved in the handling of human remains;
- Facilities for storing corpses/ human remains;
- Treatment, removal or transport of corpses;
- Monitoring of cemeteries, crematoriums and other facilities for the disposal of corpses; and
- Monitoring and supervision of exhumations and re-interments.

There are currently 2 crematoria and 36 certified undertakers operating within the boundaries of the Cape Winelands District Municipality.

**(J) SAFE HANDLING OF CHEMICAL SUBSTANCES****DEFINITION**

The monitoring, identification, evaluation and prevention of risks relating to chemicals hazardous to humans. (e.g. storage and use agricultural substances)

This function refers to:

- The education and training of high-risk groups and communities in the safe use and handling of chemicals; and
- Investigating incidences of pesticide poisoning.

**MUNICIPAL HEALTH SERVICES PROJECTS****WATER AND SANITATION SUBSIDY SCHEME**

This is an innovative programme implemented within the Municipal Health Services Division, which has attracted national commendation. The subsidy scheme serves as an incentive to farmers for improving the water and sanitation services provided to farm workers.

The 2015/2016 budget for this project was R 1 824 750. Subsidies to a maximum of R 45,000 per annum is provided per farm for this purpose. Education in the form of health guidance is also provided to the beneficiary communities. During the 2015/2016 a total of 77 farms were serviced services.

Subsidies are provided for the following:

- Running water over kitchen sinks; and
- Bathrooms with flush toilets in houses.

The CWDM through this project also intervenes directly in Hot Spot areas through the provision of dry sanitation systems on farms and the rehabilitation of toilet facilities.

Sanitation facilities were also rehabilitated in 61 Moosa and 70 Marais streets, Roodewal, Worcester.

**61 MOOSA STREET****70 MARAIS STREET**



### ANNUAL ENVIRONMENTAL HEALTH EDUCATION PROGRAMME

This project aims to create environmental awareness amongst the communities of the CWDM in order to change negative behavioural patterns. This is done through live theatre performances in schools, the development of educational material and formal health education at industries/businesses and organisations.

During the 2015/2016 financial year, this program reached a total of 80 schools and approximately 26 237 children with a budget of R 412 000.



### GREENING CAPE WINELANDS PROJECT

This project has the following aims:

- Promoting a greener environment;
- Establishing environmental awareness amongst communities through environmental education;
- Improving the quality of life of all inhabitants of the Cape Winelands;
- Creating income opportunities; and



- Getting communities involved in environmental protection actions through the planting of trees.

The project received an initial budget of R245,800 which were later increased by another R 50 000 which the CWDM received as runners-up in the greenest district municipality competition these funds were used to plant a total of 2235 trees and shrubs throughout the district.



#### EMPLOYEES: HEALTH INSPECTION, ETC.

JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
T1 – T3	0	0	0	0	0%
T4 – T8	6	0	0	0	0%
T9 – T13	43	44	42	2	4.76%
T14 – T17	2	9	8	1	12.5%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>51</b>	<b>53</b>	<b>50</b>	<b>3</b>	<b>5.56%</b>
					<b>T3.64.4</b>

## COMPONENT G: SECURITY AND SAFETY

### 3.24 FIRE SERVICES

In terms of Section 84(1)(j) of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), Fire Services have the following functions:

- Firefighting services serving the area of the district municipality as a whole, which includes—  
Planning, coordination and regulation of fire services;
- Specialised firefighting services such as mountain, veld and chemical fire services;
- Coordination of the standardisation of infrastructure, vehicles, equipment and procedures; and
- Training of fire officers.



The Fire Services responded and attended to more than 1300 fires during the summer veld fire season, which stretched the resources, especially human resources, beyond its limits. A unified command post was established at all the major fires to ensure the safety of the fire crews, to manage and coordinate the incident action plans.

The high number of fires and especially the major and devastating fires could only be attended to in many instances with the assistance of the Local Municipalities, Cape Pine, Working on Fire, Cape Nature, Fire Protection Association members, contracted ground veld fire crews and aerial fire-fighting support.

The most devastating and destructive fires were in the vicinity of Aan De Doorns near Worcester, Riverside in Robertson, La Motte and Wemmershoek in Franschhoek, Tulbagh, Op die Berg and Koue Bokkeveld in Witzenberg, Simonsberg, Waboomsriver and De Doorns. The majority of the other larger fires were brought under control and extinguished within a period of two days.

The extent of the areas of vegetation burned amounts to more than 90 000 hectares. Aerial resources (helicopters and fixed wing bombers) were called out on 64 occasions. The total cost to Cape Winelands for the use of aerial support and ground veld fire crews amounts to approximately R 11,5 million. Provincial Government Western Cape also assisted Cape Winelands by providing aerial support as initial attack on a number of occasions.

A possible disaster to the community was prevented by the rapid response and effective fire suppression operations by all agencies involved. The Incident Command team and fire crews did extremely well to manage the incidents, contain the devastating blazes and avoid catastrophic fires. There was no loss to life or serious



injuries reported. Damage to property limited to only a few buildings. One dwelling on the farm "Boskloof" was completely destroyed. Other damages include vineyards, orchards, water pipes, water tanks, fences, timber plantations, etc.

The Fire Service prides itself on efficient and effective service delivery to the entire community and to comply with our primary goal to eliminate loss of life and reduce property loss.



### Challenges

Our inherent biodiversity, changing weather conditions due to the climate change and negligent human behaviour increases the challenges when dealing with fires.

The extremely high temperatures that the firefighting personnel are exposed to, makes them prone to dehydration which could lead to heat related illnesses.

In addition, the excess hours- normal and overtime that the personnel have to work, further exposes them to physical and mental exhaustion that could make them prone to injuries whilst in the line of duty.



### FIRE AND RESCUE TRAINING ACADEMY



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The Academy is primarily responsible for the professional and continual skills development of fire fighters from the Cape Winelands and our neighbouring B-municipalities.

Since June 2015 the Cape Winelands Fire and Rescue Training Academy have trained over 120 students and has an excellent pass rate of 100%.

Some of the challenges we are facing are the shortage of permanent instructors as well as accommodation for learners. Despite all the challenges, we are committed to providing quality lifelong learning experiences for individuals, the industry and community through innovative customised training to achieve their aspirations.

We can proudly proclaim that we constantly strive to uphold our council's vision of being a "Unified Cape Winelands of Excellence".

EMPLOYEES: FIRE SERVICES					
JOB LEVEL	YEAR -1: 30 JUNE 2015	YEAR 0: 30 JUNE 2016			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Fire Officer and Deputy	1	1	1	0	0%
Other Fire Officers	0	1	1	0	0%
T1 – T3	0	0	0	0	0%
T4 – T8	15	19	18	1	5.26%
T9 – T13	43	53	43	10	18.87%
T14 – T17	1	1	1	0	0%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>60</b>	<b>75</b>	<b>64</b>	<b>11</b>	<b>14.47%</b>

FINANCIAL PERFORMANCE 2015/2016: FIRE SERVICES					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	489	175	175	2 503	-1 330%
Employees	25 086	31 067	31 067	28 722	8%
Repairs and Maintenance	47	1 180	1 180	1 045	11%
Other	21 514	24 237	24 237	21 081	13%
<b>Total Operational Expenditure</b>	<b>46 647</b>	<b>56 484</b>	<b>56 484</b>	<b>50 848</b>	<b>10%</b>
<b>Less: Loss on Disposal of PPE</b>	56	80	80	80	0%
<b>Net Operational Expenditure</b>	<b>46 590</b>	<b>56 404</b>	<b>56 404</b>	<b>50 768</b>	<b>10%</b>
T3.21.5					

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CAPITAL EXPENDITURE 2015/2016: FIRE SERVICES					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustment Budget	Total Project Value
Total All	5 444	5 444	1 277	77%	
CLOCK CARD - CONTROL CENTRE	R 25,00	R 25,00	9	64%	
DSTV	R 20,00	R 20,00	14	30%	
CONTAINER STORAGE	R 100,00	R 100,00	82	18%	
CANOPY CL61715	R 18,00	R 18,00	7	61%	
PROJECTOR	R 6,00	R 6,00	4	33%	
SCANNER/PRINTER CW	R 6,00	R 6,00	5	17%	
CONTROL CENTRE UPGRADE	R 136,00	R 136,00	136	0%	
LCD TV	R 10,00	R 10,00	9	10%	
FITNESS EQUIPMENT	R 100,00	R 100,00	73	27%	
HAZMAT EQUIPMENT (REPL)	R 110,00	R 110,00	85	23%	
SIMULATOR TRAINING	R 200,00	R 200,00		100%	
GENERATOR (5KVA)	R 45,00	R 45,00	37	18%	
TROLLEY MOP	R 2,00	R 2,00	2	0%	
OFFICE DESKS & CHAIRS	R 34,00	R 34,00	31	9%	
INDUSTRIAL WASHING DRYER	R 78,00	R 78,00	47	40%	
INDUSTRIAL WASHING MACHINE	R 100,00	R 100,00	80	20%	
FLOATING PUMPS	R 60,00	R 60,00	60	0%	
SKID UNIT PUMPS AND TANKS	R 150,00	R 150,00	98	35%	
LIGHT 4X4 FIGHTING VEH (REPL)	R 1 000,00	R 1 000,00		100%	
MAJOR 4X4 FIRE FIGHTING (REPL)	R 2 744,00	R 2 744,00		100%	
4X4 BAKKIE DOUBLE CAB	R 500,00	R 500,00	498	0%	
					T3.21. 6



### 3.25 INTRODUCTION TO DISASTER MANAGEMENT

The objectives of the Disaster Management Section are to promote a culture of risk reduction, disaster prevention and mitigation within Cape Winelands District Municipality departments as well as in departments of the five local municipalities in the district. It also acts as a repository of disaster management related information and aims to capacitate communities, internal and external disaster management role-players. Furthermore, it promotes a rapid, co-ordinated and effective response to disastrous events by all role-players involved within the district and other spheres of government.

Some legislative changes to the Disaster Management Act, 2002 in the form of the Disaster Management Amendment, 2015 now also places greater responsibilities on local municipalities

#### SERVICE STATISTICS FOR DISASTER MANAGEMENT

The Disaster Management Section had only one project, namely the Review of Risk Assessment to the value of R250 000. The project for the 2015/2016 Financial Year was rolled out in collaboration with the Langeberg Local Municipality and included ward-based risk assessments in all twelve wards.

The process that was followed included interviews with municipal officials, other experts within several provincial and national departments active within Langeberg and organised agriculture as well as focus group sessions were held with ward councillors and ward committees and community members.

A detailed ward based risk assessment report has been provided to the Langeberg Municipality. This report includes 12 ward risk assessments. These ward based risk assessments will greatly assist in empowering the newly elected councillors as to the risks and hazards that are evident in their communities.

The top five risks identified by communities are indicated in the table below.

1	Human Diseases
2	Environmental Health Risks
3	Crime
4	Riverine Flooding
5	Alcohol Abuse

## COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

### TRAINING AND AWARENESS CAMPAIGNS

The Disaster Management Division conducted multiple training sessions for Grade 7 learners at three primary schools selected by the Department of Education. The purpose was to make learners aware of hazards and risk factors in their environments and to inform own communities of what they had learnt. A total of 352 learners were trained during the project.

Two training sessions for 60 schools selected by the Department of Education were held and attendees were trained in school safety planning by an appointed service provider.

The division also supported the Provincial Disaster Management Centre with its annual schools Fire and Flood Awareness Program.



Hazard and Risk Awareness training with grade 7 learners



Emergency and Disaster Management training for School Safety Officers from schools in the Cape Winelands



### DISASTER MANAGEMENT ADVISORY FORUM

During the 2015/2016 financial year two sessions of the CWDM Disaster Management Advisory Forum were held. A total of four formal meetings with the five local municipalities were held besides the routine interaction on a regular basis.

### SIMULATION EXERCISES

The Disaster Management Division participated in and supported one simulation exercise, namely SANRAL Huguenot Tunnel Exercise held during September 2015.

### ELECTRONIC CO-ORDINATION AND REPORTING

The Disaster Management Division successfully utilised the electronic co-ordination and reporting system during extended veld fires. The Division has also increased its capacity for the recording and transmitting of live visuals during significant events.

### OVERVIEW OF SIGNIFICANT EVENTS FOR 2015/2016

Large parts of the country suffered under the effects of a severe drought in almost all provinces.

In the case of the Cape Winelands, the Witzenberg Municipality was the hardest hit with extremely low levels of dams that supply water to the Ceres Basin and the town of Tulbagh. The said municipality was declared in a local state of disaster thereby expediting the availability of emergency funding from National Government in order to expand and improve sustainability of water resources and upgrade current installations.



Providing bottled water to Ezelfontein Primary School whose water supply had dried up



The low level of the Koekedouw Dam in Ceres

The Cape Winelands District was hit with a total of 1 300 bush and mountain fires destroying a total of approximately 90 000ha. The Disaster management Division assisted the Fire Services Division with logistical and administrative support during some of the fires that lasted numerous days. The concern with the loss of so much natural vegetation is that during the rainy season, and especially torrential rains, that the increased run-off may cause flash flooding and increased erosion resulting in dams' capacities being affected and changing characteristics of riverbeds.



Fire in the mountains above Franschhoek during February 2016



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EMPLOYEES: DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016		
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
T1 – T3	0	0	0	0	0%
T4 – T8	0	0	0	0	0%
T9 – T13	4	4	3	1	25%
T14 – T17	1	2	1	1	50%
T18 – T19	0	0	0	0	0%
<b>TOTAL</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>28.57%</b>
					T3.22.4

FINANCIAL PERFORMANCE 2015/2016: DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Employees	2 330	2 725	2 725	2 387	12%
Repairs and Maintenance	34	135	135	45	67%
Other	1 401	2 683	2 683	2 004	25%
<b>Total Operational Expenditure</b>	<b>3 764</b>	<b>5 543</b>	<b>5 543</b>	<b>4 436</b>	<b>20%</b>
<b>Less: Loss on Disposal of PPE</b>	<b>9</b>	<b>44</b>	<b>44</b>	<b>42</b>	<b>5%</b>
<b>Net Operational Expenditure</b>	<b>3 755</b>	<b>5 499</b>	<b>5 499</b>	<b>4 394</b>	<b>20%</b>
					T3.22.5

CAPITAL EXPENDITURE 2015/2016: DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustments Budget	Total Project Value
Total All	R 105,00	R 133,00	R 112,00	16%	
HYDRAULIC SYSTEM FOR CAMERA	91	R 111,00	96	14%	
PULL DOWN SCREEN	3	R 2,00	2	0%	
ROUTERS & WIFI EQUIPMENT	3	R 3,00	2	33%	
DATA DEVICES - EXT HARDDRIVES	3	R 3,00	1	67%	
DYMO LABELLING MACHINE	2	R 1,00	1	0%	
MICROWAVE	1	R 1,00	1	0%	
UPGRADING OF RADIO SYSTEM	0	R 10,00	7	30%	
KEY SAFE	1	R 1,00	1	0%	
STEP LADDER	1	R 1,00	1	0%	
					T3.22.6

#### COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT

The performance of the Disaster Management Division with regard to the establishment of a disaster operations centre at Worcester ambulance station was jeopardised by envisaged quotations which necessitated funds being rolled over into the next financial year.

The renovation of the facilities at the Worcester ambulance station was completed during March 2014. The Disaster Management Operational Centre was officially opened on 6 June 2014 by the Western Cape Minister of Local Government, Development Planning and Environmental Affairs, Anton Bredell.

The centre will act as a nodal point for district-wide disaster coordination and will be a repository of and conduit for disaster management related information.



**COMPONENT H: SPORTS AND RECREATION****3.26 INTRODUCTION TO SPORTS AND RECREATION**

Sports, recreational and cultural programmes provide opportunities for vulnerable groups to participate in mass participation programmes. It enhance social cohesion amongst communities and it allow children, families, senior citizens, disabled, men and women to participate in and attend numerous events that would have otherwise been denied.

**Sports and Cultural Events Funding Programme**

27 Organisations received funding for hosting mass participation Sports and Culture events e.g. Worcester Tourism, Stellenbosch Erfenis, Esseltjierus Donkey Sanctuary, Paarl Muslim Jamaa, Tulbagh Rugby Club etc.

Rural schools and clubs were supported with transport to attend Cross Country Races. Hundred and fifty (150) Athletes from across the district were provided the opportunity to compete with runners from urban areas. A Family Fun Walk was held in partnership with various stakeholders as part of awareness programmes on terminally illnesses and family support services. CWDM funded entry fees, medals and catering for 300 learners of Rural Schools from the Drakenstein to participate in the Fun Walk. Cape Winelands District municipality mobilized five hundred (500) participants and subsidization one-thousand-seven hundred (1700) entry fees of special designated groups, mostly from rural communities for the 27 For Freedom Run. These races enhanced their running skills, discipline and self-image.

Schools in the district participated in a 7's tournament on 23-24 October 2015 in George. Both teams of Ashton Secondary School won the finals in their respective age groups. In the absence of the funding of the transport these schools were not in a position to participate. These tournaments broaden the vision of these learners as they never participated in tournaments of this calibre. The Western Province Rugby Union provided rural schools with tickets to watch the matches of the DHL Stormers at Newlands on the respective dates. CWDM provided transport for 50 schools from across the district to attend the matches. In the absence of the support, schools were not able to attend because the parents and schools could not afford the transport expenses. The SA vs England International One Day Cricket game was held at Boland Cricket Stadium on 17 February 2016. 500 Learners from Rural schools were mobilized to attend the game. Easter Rugby, Soccer, Vlakkie Cricket and Netball tournaments were supported.

School Chess Tournaments in the district were supported. In the absence of the support from CWDM learners would not been able to participate in the Provincial tournaments. Britsum NGK Primary, De Tuinen Primary, Rietenbosch Primary, Hexvalley Secondary, Wellington Secondary, Worcester Gymnasium, HTS Drosdy and Ceres Secondary were amongst the schools that participated in the tournaments.

The learners of Hexvalley Secondary and Breeriver High was supported with transport to attend various cycling races which included the Cape Argus, The Burger Cycling Tour, Scenic South Cycling Tour, Stellenbosch Cycling Tour, Garden Route Cycling Tour and the Gravel and Grape Cycling tour. This programme forms part of crime prevention and promoting healthy lifestyles amongst youth from gang infested areas. The Cape Winelands District Municipality in partnership with Breede Valley Municipality, SAPS, Department of Education, APL, De Jagers Outfitters and other local businesses joined hands in the fight against crime that is consuming



the youth. Business Against Crime rugby and netball tournaments were implemented as an alternative recreational programme where youth could participate in a safe environment. A march was held on 22 August 2015 against substance abuse and gang violence where after the final rugby and netball games took place.

Sports days initiated by Farmer and Farmworker Associations in collaboration with the SAPS Rural Sector were supported. The farm areas that hosted these sports days included Overhex, Brandwacht, Olifantsberg, Nuy Valley and Goudini. The programme reached approximately 2500 persons. These initiatives enhanced social cohesion on farms and relations between Farm owners and Farmworker as well as relationships between family members. A sports day was held at Brandvlei Correctional Centre on 31 October 2015 for all the farms that belong to the Fairhills Development Trust. Transport was provided to ensure that all Farm workers were able to attend and participate in the different sports items. The Cape Winelands District dominoes tournament was held on 10 October 2015 at Madiba farm, Robertson. Three hundred (300) Farm workers from across the district participated in this tournament. CWDM hosted the tournament and provided the dominoes, transport, catering, trophies and medals.

The National ELSEN (Education for Learners with Special Educational Needs) Cricket week was held 4-8 October 2015 in Paarl. It was an honour for CWDM to be part of this event because it is the first time that an event like this is held in the Cape Winelands region which involved learners with disabilities from across the country. These players showcased talent of high standards despite their disabilities.

The Cape Winelands Sports Awards ceremony was held in partnership with Department of Sports, Arts and Culture; Boland Sports Council and Sports Federations. A ceremony was held to honour persons who achieved exceptional achievement in various sports codes. This prestige event was held at Rhebokskloof and attended by 300 guests.

The Ballroom Dance clubs in the Cape Winelands region are affiliated to the Federation for Dance Sports of South Africa. The expenses related to the competitions were unaffordable because most parents could not afford it. The clubs raised funds but it was not sufficient to cover all expenses. Transport was funded in order to afford talented youth to participate in Regional, Provincial and National competitions. The Federations conducted workshops in Ceres and Ashton in order to introduce ballroom and Latin dance as competitive sport to communities in rural areas.

Various schools were invited by Artscape to attend drama productions. Due to lack of funding, learners would have been unable to attend these productions. CWDM contribute to the exposure of these schools to the performing arts. The Artscape Rural Outreach programme was held on 20 October 2015 at the Worcester Town Hall. Transport was provided for farm schools to attend the performances of world class performers. The programme was loaded with talent such as Allistar Izobell (Radio personality, singer and actor), Ivan Swiegelaar (Afrikaans Gospel Artist), Camillo Lombard (Music Director and pianist) and Donovan Prins (Saxophonist). Other performances that were also part of the programme were the Cape Town Ballet Company, Fancy Galada and the Dance Company Unmute. Unmute did performances with wheelchairs and has a deaf dancer. The learners got the opportunity to experience first-hand the calibre of performances as produced by these artists.

The Cape Winelands Drama Festival is a drama development programme of the Western Cape Government's Department of Cultural Affairs and Sport and was presented in partnership with the Cape Winelands District Municipality's Department of Community Development and Planning Services. This programme has been particularly successful in the CWDM, as partnerships were also forged with Stellenbosch Municipality, Langeberg Municipality and Breede Valley Municipality, as well as with professional artists, tertiary institutions and the private sector. This facilitated the growth of the drama programme at various levels and provided the youth with opportunities to learn from and be guided by professionals in the field. Participation in this



programme commenced in June, when the youth conceptualised their production, wrote the scripts and directed their plays. Eight groups were selected to showcase their productions at the District Finale which was held on 21 November 2015 in Stellenbosch. Team Bring IT, the drama group from Worcester walked away the winners of the Cape Winelands Drama Festival final. Curtain Call African Spear were the runners up and will join Team Bring IT as these two productions presented their work at the Suidoosterfees, Artscape Theatre and at the Zabalaza Festival at the Baxter Theatre.

Various programmes of the Rural Arts Development Foundations were supported by the provision of transport for the Langeberg Steelband; Zolani Youth Choir, McGregor First Step Ballet and Waldorf School to various Festivals and Programmes in the Langeberg region. Choir competitions were supported in order to promote the genre amongst youth and to ensure skills are transferred in this regard. Thirty (30) Choirs from across the district participated in the completion which was held on 17 October 2015 at Worcester Town Hall

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.23 EXECUTIVE AND COUNCIL

This component includes: Executive office (Executive Mayor; Councillors; and Municipal Manager).

#### Introduction To Executive And Council

##### Vision

"A Unified Cape Winelands of Excellence!"

##### Mission

All structures of the Cape Winelands cooperate together towards effective, efficient and economically sustainable development.

##### Core Values

Our core values are largely shaped by the moral fibre of the administrative and political leadership of our municipality, guided by the Batho Pele service delivery principles and the strategic compass provided to us by the Western Cape Government through its Draft Strategic Plan, which reflects the core values of the provincial government.

The following core values reflect the character and organisational culture of the municipality:

- Commitment to the development of people;
- Integrity in the performance of our duty;
- Respect for our natural resources;
- Transparency in accounting for our actions;
- Regular consultation with customers on the level and quality of services;
- Higher levels of courtesy and professionalism in the workplace;
- Efficient spending and responsible utilisation of municipal assets; and
- Celebrating diversity.



EMPLOYEES: THE EXECUTIVE AND COUNCIL						
JOB LEVEL	YEAR - 1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016			
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Vacancies as a % of total posts)	
T1 - T3	0	0	0	0	0%	
T4 - T8	5	2	1	1	50%	
T9 - T13	5	6	0	0	0%	
T14 - T17	0	0	0	0	0%	
T18 - T19	0	0	0	0	0%	
MM & Section 56 employees	4	4	4	0	0%	
Councillors	40	40	39	1	2.5%	
<b>TOTAL</b>	<b>54</b>	<b>52</b>	<b>44</b>	<b>2</b>	<b>4.55%</b>	

FINANCIAL PERFORMANCE 2015/2016: THE EXECUTIVE AND COUNCIL						
Details	2014/2015		2015/2016			
	Actual		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	42 792		41 259	41 259	49 782	-21%
Expenditure:						
Employees	28 370		33 884	33 884	22 958	32%
Repairs and maintenance	23		55	55	54	2%
Other	5 883		14 408	12 033	7 848	36%
<b>Total operational expenditure</b>	<b>34 276</b>		<b>46 789</b>	<b>46 789</b>	<b>31 052</b>	<b>34%</b>
Less: Loss on Disposal of PPE	6		41	41	41	0%
<b>Net operational expenditure</b>	<b>34 270</b>		<b>46 748</b>	<b>46 748</b>	<b>31 011</b>	<b>34%</b>
						<b>T3.24.5</b>

CAPITAL EXPENDITURE 2015/2016: THE EXECUTIVE AND COUNCIL R'000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to original budget	Total Project Value
Total all	R 4,00	R 5,00	R 4,00	-14%	
1 X HB CHAIR	R 2,00	R 2,00	R 1,00	50%	
1 X SYSTEMS CABINET	R 2,00	R 2,00	R 2,00	0%	
1 X HB CHAIR		R 1,00	R 1,00	0%	
					T3.24.6

EMPLOYEES: FINANCIAL SERVICES						
JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016			
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Vacancies as a % of total posts	
T1 – T3	1	0	0	0	0%	
T4 – T8	7	5	4	1	20%	
T9 – T13	7	11	9	2	18.18%	
T14 – T17	1	4	3	1	25%	
T18 – T19	0	1	1	0	0%	
TOTAL	16	21	17	4	18.18%	T3.25.6



FINANCIAL PERFORMANCE 2015/2016: FINANCIAL SERVICES					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	209 430	215 278	215 278	213 704	1%
Expenditure:					
Employees	21 133	10 823	10 823	8 996	17%
Repairs and maintenance	2 793	0	0	0	0%
Other	6 922	6 805	6 805	4 509	34%
Total operational expenditure	12 856	17 628	17 628	13 505	23%
Less: Loss on Disposal of PPE	117	73	73	73	0%
Net operational expenditure	12 540	17 555	17 555	13 432	23%
					T3.25.5

CAPITAL EXPENDITURE 2015/2016 FINANCIAL SERVICES R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to Adjustments Budget	Total Project Value
Total all	642	653	138	78,87%	
5 X HIGH BACK CHAIRS	12	12	9	25,00%	
FLEXGEN SOFTWARE	500	500	0	100,00%	
2 X HIGH BACK CHAIRS	6	6	6	0,00%	
18 X BOARDROOM CHAIRS		30	25	16,67%	
3 X 22" COMPUTER MONITORS	6	6	4	33,33%	
4 X HAND HELD SCANNERS	115	89	84	5,62%	
2 X HIGH BACK CHAIRS	3	3	3	0,00%	
PRINTER FOR CASHIER STELLENBOS		7	7	0,00%	
					T3.25.6



3.2.4 HUMAN RESOURCE SERVICES

EMPLOYEES: HUMAN RESOURCE SERVICES						
JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016			
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)	Vacancies as a % of total posts	
T1 - T3	0	0	0	0	0%	
T4 - T8	6	2	1	1	50%	
T9 - T13	8	4	3	1	25%	
T14 - T17	1	1	1	0	0%	
T18 - T19	1	1	1	0	0%	
<b>TOTAL</b>	<b>16</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>22.22%</b>	

FINANCIAL PERFORMANCE YEAR 2015/2016: HUMAN RESOURCE SERVICES						
Details	2014/2015		2015/2016			
	R'000					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total operational revenue</b>	242	367	367	445	-21%	
Expenditure:						
Employees	3 535	5 500	5 500	4 372		21%
Repairs and maintenance	-	-	-	-		-
Other	3 433	5 947	5 513	4 547		18%
<b>Total operational expenditure</b>	<b>6 968</b>	<b>11 013</b>	<b>11 013</b>	<b>8 919</b>		19%
Less: Loss on Disposal of PPE	12	20	20	20		-
<b>Net operational expenditure</b>	<b>6 956</b>	<b>10 993</b>	<b>10 993</b>	<b>8 899</b>		19%
						<b>T3 26.5</b>

### 3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Changing the traditional way of doing things at an organisation may be a huge adjustment, but ICT has taken on the challenge of undergoing a transformation that will:

- maintain and continue to develop the current ICT infrastructure
- make sure that ICT enables people to be effective and efficient

During 2015/2016, ICT contracted the services of Enterprise Mobility, a consulting company that assists organisations in shaping their future. This is done by coaching organisations in developing sustainable innovation during times of high change with constrained resources.

In preparation for the changes, ICT management scheduled a number of sessions aimed at providing staff with an overview of what this process would entail.

Building on the existing motto which is to enable people, the new strategy will look to transform ICT so that there is stronger engagement, continuous improvement and innovation.

#### HIGHLIGHTS OF 2015/2016

##### EMAIL

Staff mailboxes have been hosted on the onsite Microsoft Exchange mail server for a very long time. Users have however, been enjoying the benefits of the cloud-based email system Office365 for a number of months.

After conducting the necessary testing, ICT migrated one department at a time to Office 365. The migration will continue and be completed during the first half of 2016/2017.

One of the benefits of this system is that a staff member's mailbox size increases from 2GB or 10GB (varying from super to general email user) to 50GB. This platform also offers advanced security and functionality and significant savings in infrastructure costs for the university.



# ICT AUDIT

The Auditor General South Africa IT audit's scope varies each year, but places emphasis on logical user access, server security settings (VIP, SAMRAS and servers operating system) change control, backup processes and policies underlying the above aspects.

After the 2014/2015 audit, eleven findings and recommendations were presented to ICT management to resolve. Since then, six of the findings have been completed and five are partially resolved. It is worth noting that out of the five partially resolved findings three do not have a high risk impact to the Municipality.

JOB LEVEL	EMPLOYEES: ICT SERVICES					
	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016			
	Employees	No.	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
T1 - T3		0	0	0	0	0%
T4 - T8		1	1	1	0	0%
T9 - T13		3	5	5	0	0%
T14 - T17		1	2	2	0	0%
T18 - T19		0	0	0	0	0%
TOTAL		5	8	8	0	0%

FINANCIAL PERFORMANCE 2015/2016 ICT SERVICES						
R'000						
Details	2014/2015	2015/2016				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total operational revenue</b>	108	310	310	-		100%
<b>Expenditure:</b>						
Employees	1 259	3 986	3 986	2 794		30%
Repairs and maintenance	1 529	1 833	1 833	1 519		17%
Other	3 000	6 047	6 047	5 816		4%
<b>Total operational expenditure</b>	<b>5 788</b>	<b>11 866</b>	<b>11 866</b>	<b>10 097</b>		<b>15%</b>
<b>Less: Loss on Disposal of PPE</b>	<b>825</b>	<b>1 111</b>	<b>1 111</b>	<b>1 096</b>		<b>1%</b>
<b>Net operational expenditure</b>	<b>4 963</b>	<b>10 755</b>	<b>10 755</b>	<b>9 001</b>		<b>16%</b>
						<b>T3.27.5</b>



**CAPE WINELANDS DISTRICT MUNICIPALITY**
**2015/2016 ANNUAL REPORT**

CAPITAL EXPENDITURE 2015/2016: ICT SERVICES					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual/Expenditure	Variance to Adjustments budget	Total Project Value
<b>Total all</b>	<b>3 722</b>	<b>1 492</b>	<b>1 136</b>	<b>24%</b>	
REPL HP DESKJET PRINTER 1301	R 10,00	R 10,00	9	10%	
REPL MULTI MEDIA COMPUTER 1327	R 14,00	R 14,00	13	7%	
REPL GIS COMPUTER 1327	R 20,00	R 20,00	15	25%	
16 X WIRELESS ACCES POINTS	R 50,00	R 50,00	42	16%	
REPL HP COLOUR LASERJET CP5525	R 66,00	R 66,00	66	0%	
UPGRADE OF WAN INFRASTRUCTURE	R 100,00	R 100,00	26	74%	
SCAN STORAGE SERVER CW	R 160,00	R 160,00	106	34%	
20 X LAPTOP REPLACEMENTS	R 250,00	R 200,00	200	0%	
2 X ESX SERVERS CW	R 320,00			0%	
10 X SWITCHES	R 850,00	R 550,00	443	19%	
UPS FOR CL & CW	R 1 500,00			0%	
ADOBE ACROBAT X 2 PROFESSIONAL	R 14,00	R 14,00	10	29%	
ADOBE MASTER COLLECTION (1010)	R 35,00	R 35,00	9	74%	
ACCOUNT RESET AND UNLOCK SOFTW	R 60,00			0%	
MANAGE ENGINE SERVICE DESK	R 250,00	R 250,00	188	25%	
PC DUST BLOWER	R 2,00	R 2,00	1	50%	
BROTHER P TOUCH LABELLING MACH	R 2,00	R 2,00	2	0%	
CORDLESS PHONE	R 1,00	R 1,00	1	0%	
REPLACE PHONE	R 10,00	R 10,00		100%	
4 X MOBILE PEDESTAL	R 8,00	R 8,00	5	38%	
					<b>T3.27.6</b>

**3.2.6 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES****Introduction: Legal Services**

The Cape Winelands District Municipality takes many decisions that affect the residents in its area of jurisdiction. In order to ensure that everything is above board and falls within the ambit of the law, legal services provides a dedicated and quality support and advisory service in order to strengthen the Cape Winelands District Municipality to fulfil its constitutional and other legislative mandates in a professional manner and to maintain a workforce that is both well-disciplined and satisfied in order to render service delivery at an acceptable level.

**Legal Priorities**

- Legal compliance;
- Legal support to the Executive Mayor, Speaker and Municipal Manager, Heads of Department, Council, committees, departments and directorates;
- Legal advice pertaining to draft policies, drafting of by-laws and contracts;
- Written and/or oral opinions;
- Finalisation of legal documents; and
- Labour relation matters.

**Legal Impact**

Through the provision of legal support and advice to the Office of the Executive Mayor, the Speaker, the Municipal Manager, Heads of Department, Council as well as all the various departments/directorates of the Cape Winelands District Municipality, many targets have been achieved, thereby strengthening the work relationship and effective teamwork between the various parties. Legal implications and opinions are provided on a continuous basis on all Council, Mayoral Committee and other committee agenda items.

**Introduction: Property Management**

Property management is the process of managing the property of the Cape Winelands District Municipality by maintaining and handling activities incidental to the property, in order to maximise the use of all the properties as contained in the property register and to provide optimal financial, social, economic and operational benefit to the Cape Winelands District Municipality.

The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) specifically highlights the duty of municipalities to provide services in a manner that is sustainable. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner.



The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) specifically places responsibility for the management of municipal immovable property with the municipal manager. Furthermore, the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its immovable property safe.

### Property Management Priorities

The Municipal Manager is also the principal custodian of the district municipality's immovable assets, including the safeguarding and the maintenance of those assets. He also ensures that the district municipality has and maintains a management, accounting and information system that accounts for the immovable assets of the Cape Winelands District Municipality and ensures that property management is applied in a consistent manner and in accordance with legal requirements and recognised good practice. The district municipality's immovable property is valued in accordance with the standard of Generally Recognised Accounting Practice (GRAP). Furthermore, the district municipality has and maintains a system of internal control for the immovable assets, including an asset register.

The Chief Financial Officer is responsible to ensure, in exercising her financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the district municipality are utilised effectively, efficiently, economically and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the district municipality is collected, for example rental income, etc., relating to immovable assets;
- The systems, procedures and registers required to substantiate the financial values of the district municipality's immovable assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the district municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions; and
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of immovable assets.

### Property Management Impact

The Cape Winelands District Municipality demonstrates good governance and customer care through an efficient and sustainable process of property management. Councillors and officials are custodians on behalf of the public of immovable municipal assets. Key themes relating to municipal property management include:

- Long-term sustainability and risk management;
- Service delivery efficiency and improvement;
- Performance monitoring and accountability;
- Community interaction and transparent processes;
- Priority development of minimum basic services for all; and
- The provision of support in addressing the needs of the poor.



A municipality has the right to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers in terms of Section 156(5) of the Constitution of the Republic of South Africa, 1996 and Section 8(2) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). Furthermore, a municipal council, within the municipality's financial and administrative capacity, and having regard to practical considerations, has the duty to use the resources of the municipality in the best interests of the local community in terms of Section 4(2)(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

Property management at the Cape Winelands District Municipality incorporates best practice methodologies and is aligned to the latest national and provincial legislation such as the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and the Municipal Asset Transfer Regulations, 2008 as published in the Government Gazette No. 31346 of 22 August 2008, which applies to the transfer and disposal of certain immovable property owned by municipalities and the granting by municipalities of rights to use, control or manage certain immovable property.

Comprehensive property management maximises the district municipality's property assets by procuring strategically, managing and maintaining assets throughout their useful life-cycle and providing asset visibility through data capturing during the use and disposition phases.

EMPLOYEES: PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES		YEAR 0: 30 JUNE 2016				
JOB LEVEL	YEAR -1: 30 JUNE 2015		YEAR 0: 30 JUNE 2016			Vacancies as a % of total posts)
	Number of employees	Number of posts	Number of employees	Number of vacancies (full-time equivalents)		
T1 – T3	18	15	14	1		6.67%
T4 – T8	14	16	14	2		12.5%
T9 – T13	6	7	7	0		0%
T14 – T17	2	5	5	0		0%
T18 – T19	0	0	0	0		0%
<b>TOTAL</b>	<b>40</b>	<b>43</b>	<b>40</b>	<b>3</b>		<b>6.82%</b>
						<b>T3.28.4</b>

FINANCIAL PERFORMANCE 2015/2016: PROPERTY, LEGAL, RISK MANAGEMENT, AND PROCUREMENT SERVICES						
R'D000						
Details	2014/2015		2015/2016			
	Actual		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total operational revenue	112		444	444	189	57%
Expenditure:						
Employees	7 775		9 574	9 574	9 301	3%
Repairs and maintenance	5		25	25	18	0%
Other	885		-992	-992	1599	261%
Total operational expenditure	8 666		8 607	8 607	10 918	-27%
Less: Loss on Disposal of PPE	12		875	875	875	0%
Net operational expenditure	8 654		7 732	7 732	10 043	-30%
						<b>T3.28.5</b>



CAPITAL EXPENDITURE 2015/2016: PROPERTY; LEGAL; RISK MANAGEMENT; AND PROCUREMENT SERVICES					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance to original budget	Total Project Value
<b>Total all</b>	<b>34</b>	<b>34</b>	<b>31</b>	<b>35%</b>	
16L URN	1	1	1	0%	
38L MICROWAVE	2	2	0	100%	
223L REFRIGERATOR	3	3	2	33%	
FRIDGE	3	3	3	0%	
DISHWASHER	4	4	4	0%	
PROJECTOR SB COUNCIL CHAMBERS	8	8	8	0%	
BUSH CUTTER EERSTE BEGIN	7	7	7	0%	
CHAIN SAW EERSTE BEGIN	6	6	6	0%	
					T3.28.6

**Comment On The Performance Of Property Services Overall**

No capital projects.

**COMPONENT J: MISCELLANEOUS**

This component includes the provision of airports, abattoirs, municipal courts and forestry as municipal enterprises.

Not applicable.

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

**Introduction**

Organisational development within the Cape Winelands District Municipality (CWDM) continuously focuses on the increase of the district municipality's effectiveness and efficiency in order to develop the CWDM to its full potential and seeking to increase effectiveness in terms of the strategic objectives as defined in the Integrated Development Plan within an approved budget.

The objective of organisational development is to improve the district municipality's capacity to handle its internal and external functioning and relationships, inclusive of more effective communication, enhanced ability to cope with organisational challenges, more effective decision-making processes, more appropriate leadership styles, improved skills and higher levels of trust and cooperation among employees.

Organisational development further focuses on improving performance at individual and organisational level and improving the district municipality's ability to effectively respond to changes in its external environment, and increasing internal capabilities by ensuring that the organisational structures, human resource systems, communication systems and leadership/managerial processes fully harness human motivation and assist employees to function to their full potential.

During the 2015/2016 financial year the Cape Winelands District Municipality established an Individual Performance Management Steering Committee which planned the implementation of individual performance management for employees and also compiled and Individual Performance Management policy. The IPM policy has been consulted with organised Labour at local level as was approved by the Council of the Cape Winelands District Municipality on 28 June 2016.

The purpose of the Individual Performance Management policy is to regulate the effective coordination and facilitation of the implementation of an employee performance management system within Cape Winelands Municipality. Employee performance management is aimed at planning, implementing, measuring and monitoring, improving and sustaining employee performance.

Individual performance management is a strategic human resources process aimed at attaining multiple organizational objectives. It is a vital process of enhancing the contribution levels of individuals to be in line with priorities, objectives, indicators and targets contained in the District Municipality's Integrated Development Plan (IDP) and serves as the catalyst for the continuous improvement of the performance of the District Municipality. The process requires that employees actively participate in identifying their own individual objectives which is derived from the

operational and strategic plans of the District Municipality. Individual performance management therefore empowers employees to use their skills and knowledge to perform their jobs in a productive manner. It also provides management with an acceptable and agreed upon process to review and assess the individual's performance to ensure that the organisation achieves its goals.

The Individual Performance Management policy will be implemented over a 4-year period with effect from 01 July 2016, starting with employees reporting directly to the Municipal Manager and Heads of Department.



## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

## 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	EMPLOYEES			
	YEAR -1: 30 JUNE 2015 Number of employees	Number of approved posts	Number of employees	Number of vacancies
Water	0	0	0	0
Waste Water (Sanitation)	0	0	0	0
Electricity	0	0	0	0
Waste Management	0	0	0	0
Housing	5	4	3	1
Waste Water (Storm Water Drainage)	0	0	0	0
Roads	169	363	174	189
Transport	2	4	2	2
Planning	1	1	1	0
Local Economic Development	4	5	4	1
Community and Social Services	11	13	9	4
Environmental Protection	4	7	4	3
Health	51	53	50	3
Security and Safety	60	81	68	13
Sport and Recreation	0	0	0	0
Corporate Policy Offices and other	114	133	116	17
<b>TOTALS</b>	<b>421</b>	<b>664</b>	<b>431</b>	<b>233</b>
				<b>35.09%</b>

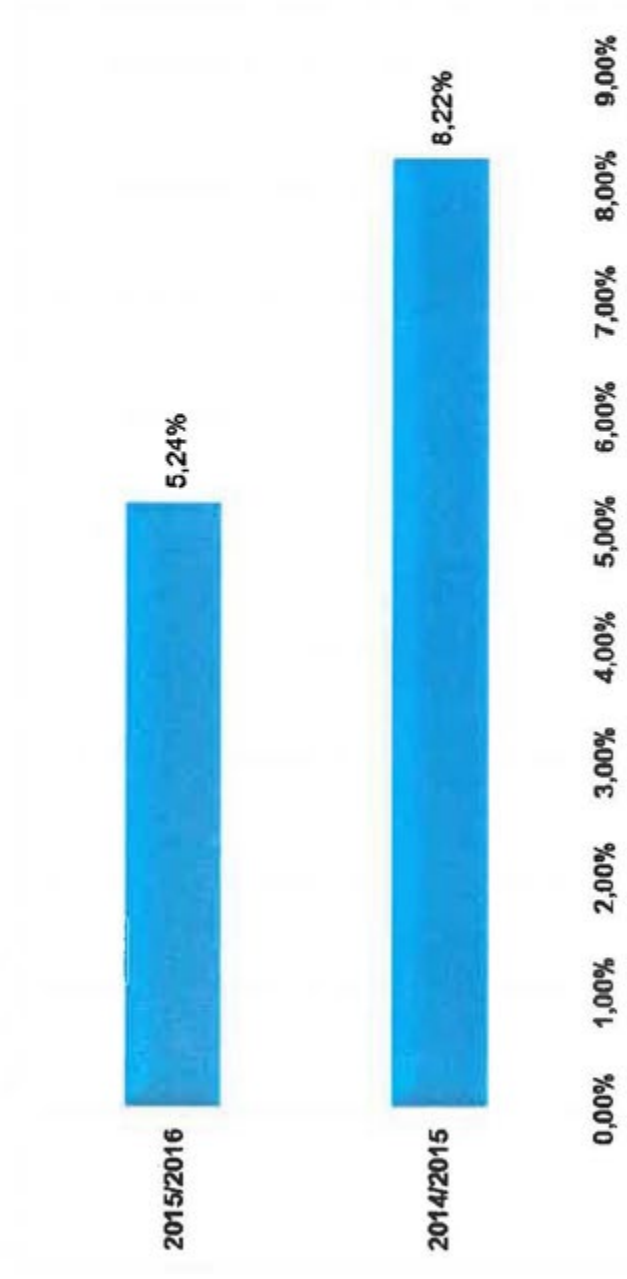
VACANCY RATE: 2015/2016				
Designation	Total Approved Posts	Vacancies (Total time that vacancies exist using full-time equivalents)	Vacancies (as a proportion of total posts in each category)	
	No.	No.	%	
Municipal Manager	1	0	0%	0%
Chief Financial Officer	1	0	0%	0%
Other S56 Managers (excluding finance posts)	2	0	0%	0%
Other S56 Managers (finance posts)	0	0	0%	0%
Police Officers	0	0	0%	0%
Firefighters	64	11	17.19%	17.19%
Senior Management levels T18 – T19 (excluding finance posts)	4	0	0%	0%
Senior Management levels T18 – T19 (finance posts)	1	0	0%	0%
Professionally qualified levels T14 – T17 (excluding finance posts)	34	5	14.70%	14.70%
Professionally qualified levels T14 – T17 (finance posts)	6	1	16.67%	16.67%
				T4.1.2

#### COMMENT ON VACANCIES AND TURNOVER

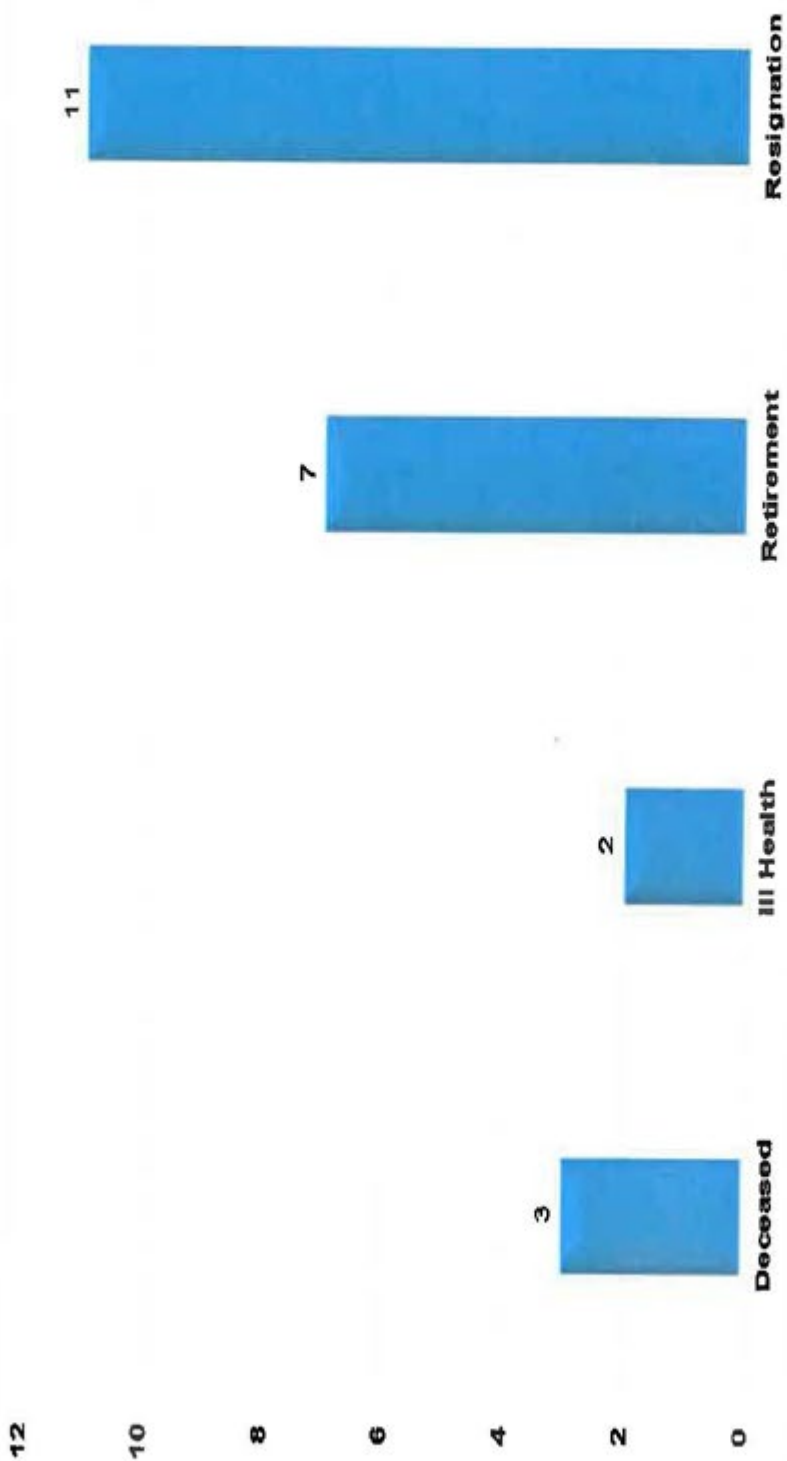
The post of Municipal Manager and all Section 56 posts were filled during the 2015/2016 financial year.

On 30 June 2016 the approved staff establishment of the Cape Winelands District Municipality (CWDm) consisted of a total of six hundred and sixty eight (668) posts of which four hundred and thirty five (435) were filled and two hundred and thirty three (233) were vacant. Of the total of two hundred and thirty three (233) vacancies only thirty five (35) were budgeted during the 2015/2016 financial year, resulting in a vacancy rate of 5.24%. The vacancy rate over the past two financial years calculated on budgeted vacancies is best reflected as follows:





A total of twenty-three (23) employees terminated services at the Cape Winelands District Municipality (CWDMM) during this period, for the following reasons:



TURN-OVER RATE			
Details	Total Number of Employees as at beginning of Financial Year	Total Number of Terminations for the Financial Year	No.
2015/2016	423	23	5.44%
2014/2015	443	30	6.77%
			T4.1.3



**COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE****INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

All training initiatives implemented within the Cape Winelands District Municipality (CWDM) are directly linked via the SDBIP's to the CWDM IDP. For 2015/2016 financial year the CWDM continued the prioritization of training on Minimum Municipal Competency Levels (MMCL) as required in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 Of 2003): Municipal Regulation on Minimum Competency Levels.

The focus for the 2015/2016 financial year was on ensuring that non-financial managers receive the necessary training in order to ensure that management within the CWDM are all on standard and in compliance with the mentioned Regulations. In terms of affected financial officials, 99% are currently competent and thus comply with the mentioned Regulations which stipulate that financial officials must be compliant by 30 September 2015.

Major regulatory developments affecting machine operators as determined by the Driven Machinery Regulation 18 (1) and the National Code of Practice for Training Providers to Lifting Machines, steered the CWDM into rolling out various interdependent training programmes during the 2015/2016 financial year. This focus will continue for the next three years in order to ensure full compliance to the mentioned regulation and-coupled Occupational Health and Safety legislator requirements and also ensuring the up skilling of our staff in the Roads Section.

With regard to the Environmental Health Section, the acquired Online Training programmes, now ensures the annual compliance of Environmental Health Practitioners as required by the Health Professions Council of South Africa (HPCSA). However, the absence of qualified Air Quality Training Providers remains a frustration in enforcing this function.

**CAPE WINELANDS MAYORAL BURSARY FUND AWARDS**

The Cape Winelands District Municipality awarded 55 full bursaries to well-deserving students throughout the region. A total amount of R1,588,438.82 was spent on these students covering a wide range of academic qualifications. Priority was given (not excluding other qualifications) to those students studying towards achieving qualifications that fall within the local government scarce skills scope as determined by the LGSETA as well as regional and provincial skills shortages. Please find a breakdown of the CWDM 2015/2016 bursary awards overleaf:

ACADEMIC YEAR	
1 <sup>st</sup> Year	42%
2 <sup>nd</sup> Year	33%
3 <sup>rd</sup> Year	18%
4 <sup>th</sup> Year	7%
RACE BREAKDOWN	
Coloured	80%
White	15%
Asian	3%
African	2%
GENDER BREAKDOWN	
Females	47%
Males	53%
QUALIFICATIONS BREAKDOWN	
Medical/Nursing	24%
Finance/Accounting	18%
Engineering/Trades	16%
Social Sciences	15%
Education	5%
Law	5%
Sport Sciences	4%
Information Technology	4%
Tourism/ Hospitality Industry	4%
Management Sciences	4%
Environmental Sciences	1%

**Introduction To Municipal Workforce Management**

In terms of Section 67(1)(a) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the Cape Winelands District Municipality, in accordance with the Employment Equity Act, 1998 (Act No. 55 of 1998) continuously develops and adopts appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the recruitment, selection and appointment of persons as staff members.

In terms of Section 20 of the Employment Equity Act, 1998 (Act No. 55 of 1998) the Cape Winelands District Municipality is a designated employer and must prepare and implement a plan to achieve employment equity, which must have objectives for each year of the plan, including affirmative action measures, have numerical goals for achieving equitable representation and have internal monitoring and evaluation procedures.

During the 2015/2016 financial year, the CWDM gave continuous effect to the implementation of the Employment Equity Plan.

As per the requirements of the Employment Equity Act, 1998 (Act No. 55 of 1998) the CWDM submitted employment equity reports in the prescribed format to the Department of Labour. Consultation with all relevant parties takes place monthly at the Local Labour Forum, where parties are offered an opportunity to continuously assess and monitor progress.



## WORKFORCE PROFILE: CWDM GLOBAL

JUNE 2016

	MALE				FEMALE			
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE
<b>CWDM Targets:</b>	<b>17.8%</b>	<b>27.1%</b>	<b>0.2%</b>	<b>7.8%</b>	<b>16.1%</b>	<b>23.9%</b>	<b>0.1%</b>	<b>7.0%</b>
Top management	25.0%	25.0%	0.0%	25.0%	0.0%	25.0%	0.0%	0.0%
Senior management	0.0%	20.0%	0.0%	60.0%	0.0%	0.0%	0.0%	20.0%
Professionally qualified and experienced specialists and mid-management	2.6%	31.6%	0.0%	42.1%	2.6%	18.4%	0.0%	2.6%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6.3%	34.8%	0.0%	27.2%	7.0%	19.6%	0.0%	5.1%
Semi-skilled and discretionary decision-making	25.3%	41.8%	0.0%	2.9%	5.9%	16.5%	0.0%	7.6%
Unskilled and defined decision-making	30.0%	25.0%	0.0%	3.3%	16.7%	23.3%	0.0%	1.7%
<b>TOTAL: DISABLED – JUNE 2016</b>	<b>0.0%</b>	<b>0.23%</b>	<b>0.0%</b>	<b>0.46%</b>	<b>0.23%</b>	<b>0.23%</b>	<b>0.0%</b>	<b>0.69%</b>
<b>TOTAL: ALL EMPLOYEES – JUNE 2016</b>	<b>16.8%</b>	<b>35.6%</b>	<b>0.0%</b>	<b>16.1%</b>	<b>7.4%</b>	<b>18.6%</b>	<b>0.0%</b>	<b>5.5%</b>

All employees, including employees with disabilities:

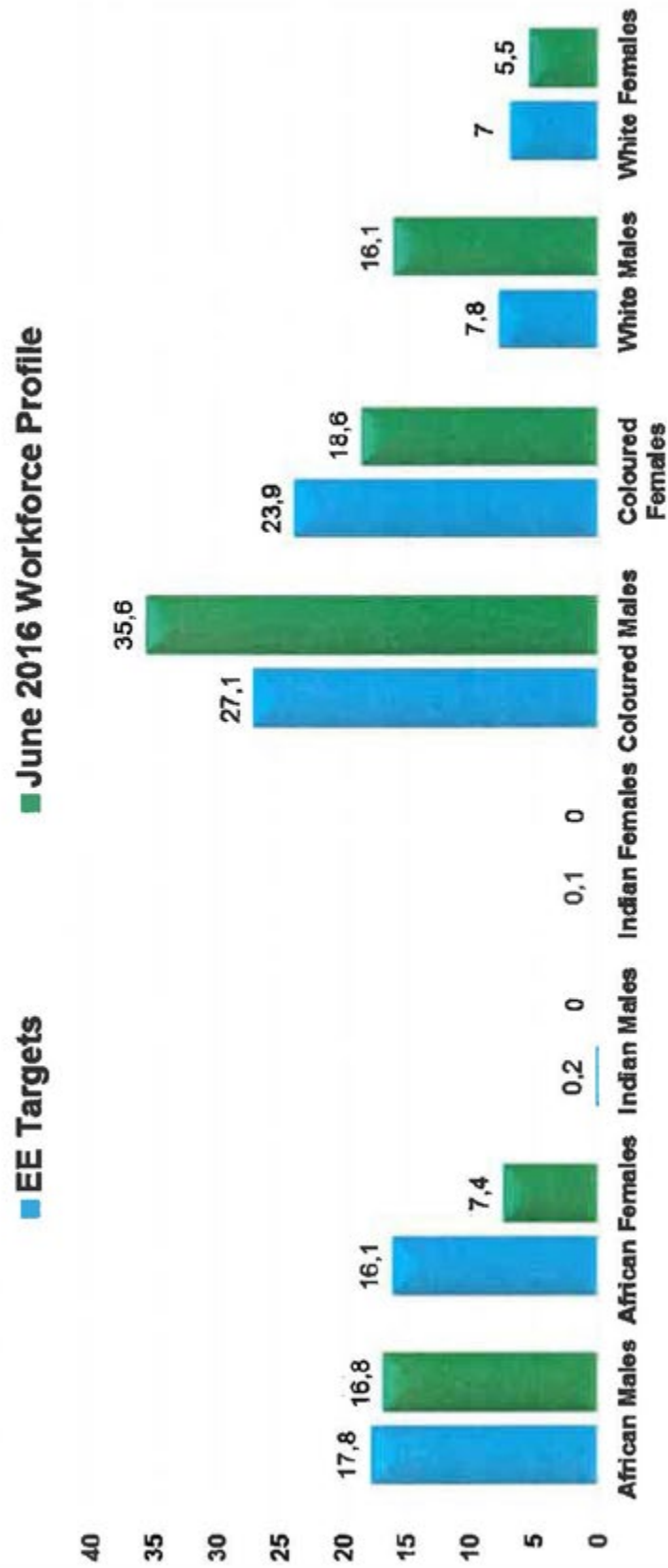
Occupational Levels	Male			Female			Foreign Nationals		Total
	A	C	I	A	C	I	Male	Female	
Top management	1	1	0	0	1	0	0	0	4
Senior management	0	1	0	0	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management	1	12	0	1	7	0	0	0	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	55	0	11	31	0	0	0	158
Semi-skilled and discretionary decision-making	43	71	0	10	28	0	0	0	170
Unskilled and defined decision-making	18	15	0	10	14	0	0	0	60
<b>TOTAL PERMANENT</b>	73	155	0	32	81	0	0	0	435
<b>TEMPORARY EMPLOYEES</b>	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	73	155	0	32	81	0	0	0	435

All employees with disabilities:

Occupational Levels	Male				Female			Foreign Nationals		Total
	A	G	I	W	A	C	I	W	Male	
Top management	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	1	0	0	1	0	0	0	0	2
Semi-skilled and discretionary decision-making	0	0	0	2	0	0	0	2	0	4
Unskilled and defined decision-making	0	0	0	0	0	1	0	1	0	2
TOTAL PERMANENT	0	1	0	2	1	1	0	3	0	8
TEMPORARY EMPLOYEES	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	0	1	0	2	1	1	0	3	0	8



## JUNE 2016 WORKFORCE PROFILE COMPARED TO EE TARGETS



## 4.2 POLICIES

HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
1.	Anti-Corruption Policy	100		06 November 2008
2.	Baseline Installation Procedures for Operating Systems	100		25 July 2013
3.	Benevolent Fund Policy	100		25 November 2010
4.	Branding Policy	100		28 May 2015
5.	Change Management Process	100		24 April 2014
6.	Chronic Illness Policy	100		24 May 2005
7.	Code of Conduct for Employees	100		LG: Systems Act
8.	Confidentiality Policy	100		24 May 2005
9.	Corporate Gifts Policy	100		28 May 2015
10.	CWDM Sponsored Work Related Functions Policy	100		24 May 2005
11.	Delegations, Authorisation and Responsibility	100	Under review	15 July 2011
12.	Disciplinary Procedure and Code Collective Agreement	100		SALGBC
13.	Emergency Nutrition Provision Policy	100		31 January 2013
14.	Employee Assistance Programme Policy	100		25 April 2012
15.	Employee Driving Licence Assistance Policy	100	27 June 2014	17 February 2011
16.	Employee Study Aid and Leave Policy	100	03 December 2013	24 May 2005
17.	Education, Training and Development Policy	100	04 December 2014	24 May 2005
18.	Fire and Rescue Training Academy Policy	100		04 December 2014
19.	Grievance Procedure	100		SALGBC
20.	HIV and AIDS Policy	100	25 November 2010	24 May 2005
21.	Individual Performance Management Policy	100		28 June 2016
22.	Induction Policy	100		24 May 2005
23.	Information and Communication Backup Policy	100	24 April 2014	25 April 2012
24.	Information Technology Security Policy	100		24 May 2005
25.	Internship Policy	100		28 May 2015
26.	Legal Aid Policy for Councillors and Employees	100		24 May 2005
27.	Mayoral Bursary Fund Policy	100		25 October 2012
28.	Mobile Device Policy	100		04 December 2014
29.	Nepotism Policy	100		24 May 2005
30.	Network Security Policy	100	24 April 2014	25 July 2013
31.	Occupational Health and Safety	100		24 May 2005
32.	Official Vehicles and Fleet Management Policy	100	04 December 2014	25 March 2004
33.	Physical Environmental Security Policy	100		25 July 2013

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HR POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed	Date adopted by Council or comment on failure to adopt
34.	Policy Framework for the Determination of the Macro Organisational Structure for the Boland District Municipality	100		24 June 2002
35.	Policy Framework for the Recruitment, Selection and Appointment of Managers Directly Accountable to the Municipal Manager	100	Regulations: Department of Cooperative Governance	24 June 2002
36.	PPE Policy for Roads and Mechanical Workshop	100		26 March 2015
37.	Private Work Policy	100	Under review	24 May 2005
38.	Recruitment and Selection Policy	100	25 November 2010	24 May 2005
39.	Sexual Harassment Policy	100		24 May 2005
40.	Smoking Policy	100	25 November 2010	24 May 2005
41.	Staff Statements to the Media Policy	100		24 May 2005
42.	Subsistence and Travel Policy	100	25 November 2010 30 March 2012 25 July 2013	28 January 2010
43.	Substance Abuse Policy	100		24 May 2005
44.	Succession Planning and Career Pathing Policy	100		24 May 2005
45.	Telecommunications Policy	100		04 December 2014
46.	Time and Work Attendance Management Policy	100		27 October 2011
47.	Transport Allowance Scheme	100	29 January 2015	26 April 2007
48.	Transport Allowance Scheme for Essential Users	100		22 June 2007
49.	Uniforms and Protective Clothing: Support Personnel	100		24 May 2005
50.	Unpaid Leave Policy	100		24 May 2005
51.	User Account Management Procedures	100		24 April 2014
52.	User Security Policy	100		27 October 2011
53.	Whistleblowing Policy	100		24 May 2005



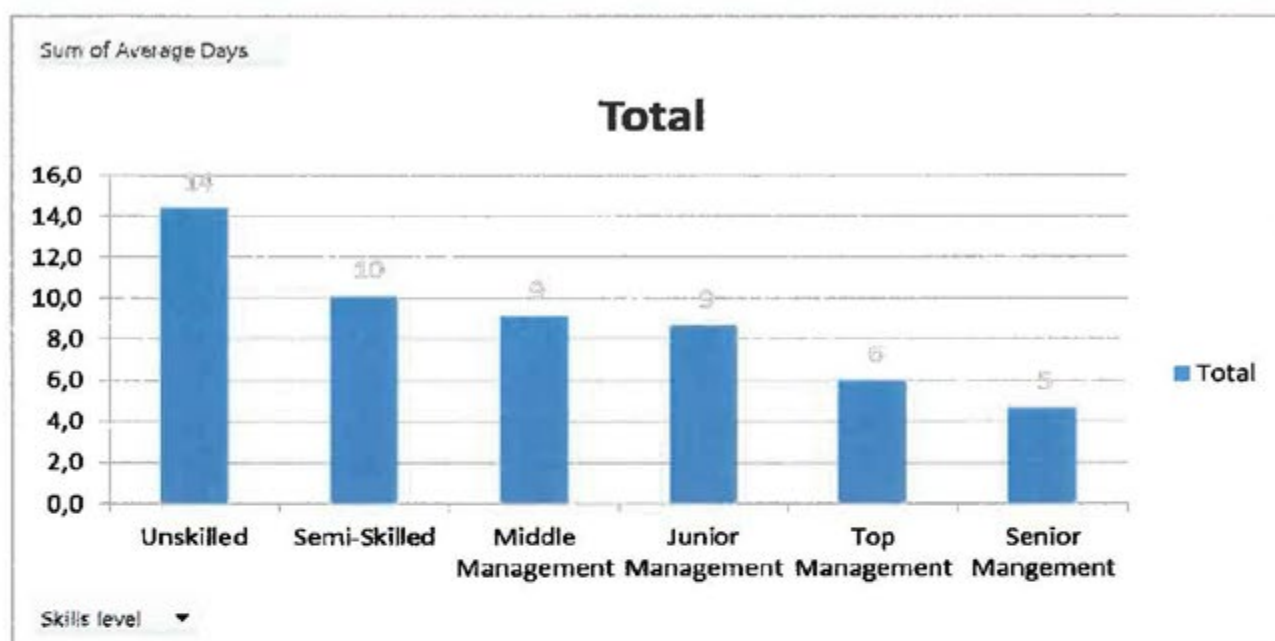
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**4.3 INJURIES, SICKNESS AND SUSPENSIONS**

Number and Cost of Injuries on Duty					
Type of injury	Injury leave taken	Employees using injury leave	Proportion employees using sick leave	Average injury leave per employee	Total estimated cost
	Days	No.	%	Days	R'000
Required basic medical attention only	96	17	17.7	5.65	R80,174.60
Fatal	0	0	0	0	0
<b>Total</b>	<b>96</b>	<b>17</b>	<b>17.7%</b>	<b>5.65</b>	<b>R80,174.60</b>

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY)					
JOB LEVELS	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employees
	Days	%	No.	No.	Days
Top Management (MM & Section 56)	12	33.33%	2	4	6
Senior Management (T18 – T19)	14	0.03%	3	5	5
Professionally qualified and experienced specialists and mid-management (T14 – T17)	219	1.53%	25	38	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13)	1,077	7.55%	128	158	9
Semi-skilled and discretionary decision-making (T4 – T8)	1,527	14.29%	146	171	10
Unskilled and defined decision-making (T1 – T3)	620	4.63%	45	59	14
<b>Total</b>	<b>3,469</b>	<b>61.36%</b>	<b>349</b>	<b>435</b>	<b>53</b>

T4.3.2



T 4.3.3

## COMMENT ON INJURY AND SICK LEAVE

Eighty (80) days sick leave is granted to employees in a three-year (3-year) leave cycle in terms of Clause 8.2.1 of Section B of the Main Collective Agreement. However, during the 2015/2016 financial year an amendment was made in terms of which new appointments may not take more than 30 days sick leave in the first year of employment. In terms of the Main Collective Agreement, the Cape Winelands District Municipality requires a medical certificate from a registered medical practitioner if more than two (2) consecutive days are taken as sick leave by an employee. The employer is further not required to pay an employee if an employee is absent on more than two occasions during an eight-week period and, on request by the employer, does not produce a medical certificate stating that the employee was unable to work for the duration of the employee's absence on account of sickness or injury.

In an attempt to motivate employees not to abuse sick leave, amendments to the Collective Agreement on Conditions of Service for the Western Cape Division of the SALGBC now provides that employees who have not taken more than 20 days' sick leave at the end of a three year cycle shall receive an additional 10 working days' paid sick leave to which they will be entitled in the ensuing cycle, provided that in respect of any sick leave cycle no employee shall become entitled to more than 120 working days' sick leave on full pay in a sick leave cycle.

The Cape Winelands District Municipality also adopted an Employee Assistance Programme to offer confidential assistance to employees who have the potential to be adversely affected by personal and work related problems, which might result in absence from the workplace as a result of sick leave. Through the Employee Assistance Programme, employees are assisted to resolve personal problems that affect job performance, motivated to seek help and directed to the best assistance possible.

Accident leave is granted to an employee who suffers an illness or injury in the course of his/her duties for the periods corroborated by a medical certificate and is restricted to 24 months in respect of any one illness or injury.

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All injuries on duty which result in accident leave is investigated by the relevant supervisors, in collaboration with the Occupational Health and Safety Officer in order to establish whether there was any negligent behaviour and to impose measures to avoid future incidents/injuries which might result in accident leave. All incidents and injuries are reported on a monthly basis to the Local Labour Forum.

NUMBER AND PERIOD OF SUSPENSIONS				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalised	Date finalised
NONE				
				T4.3.5

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT			
Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
NONE			
			T4.3.6



#### 4.4 PERFORMANCE REWARDS

PERFORMANCE REWARDS BY GENDER					
Designations	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2014/2015	Proportion of beneficiaries within group
				R' 000	%
Top Management (MM & Section 56)	Female	0	0	0	0
	Male	0	0	0	0
Senior Management (T18 – T19)	Female	0	0	0	0
	Male	0	0	0	0
Professionally qualified and experienced specialists and mid-management (T14 – T17)	Female	0	0	0	0
	Male	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13))	Female	0	0	0	0
	Male	0	0	0	0
Semi-skilled and discretionary decision-making (T4 – T8)	Female	0	0	0	0
	Male	0	0	0	0
Unskilled and defined decision-making (T1 – T3)	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0
Has the statutory municipal calculator been used as part of the evaluation process?					Not applicable
T4.4.1					

#### COMMENT ON PERFORMANCE REWARDS

In terms of Section 57(4B) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council concerned.

Regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, states that in accordance with Regulation 32, a performance bonus, based on affordability, may be paid to the employee, after-

- the annual report for the financial year under review has been tabled and adopted by the municipal council;
- an evaluation of performance in accordance with the provisions of Regulation 23; and
- approval of such evaluation by the municipal council as a reward for outstanding performance.

Regulation 23 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 states that the purpose of a performance agreement is to:

- comply with the provisions of Sections 57(1)(b), (4A), (4B) and (5) of the Act as well as the employment contract entered into between the parties;
- specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the budget of the municipality;
- specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;
- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- in the event of outstanding performance, to appropriately reward the employee; and
- give effect to the employer's commitment to a performance-orientated relationship with its employees in attaining equitable and improved service delivery.

Regulation 32 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, states that:

- The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance; and
- A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus, the relevant percentage is based on the overall rating, calculated by using the applicable assessment – rating calculator.

However, note should be taken that the Council of the Cape Winelands District Municipality resolved at Item C.14.1 of its meeting held on 25 April 2012 that future performance bonuses of the Municipal Manager and Section 56 employees shall be capped to a maximum of 7% (seven per cent) in terms of Regulation 32(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

In view of the aforementioned Council resolution, the Municipal Manager as well as the managers directly accountable to the Municipal Manager accordingly agreed that their future performance bonuses of their all-inclusive annual remuneration packages be capped to a maximum of 7% (seven per cent).

The Municipal Manager and Managers directly accountable to the Municipal Manager entered into performance agreements for the period from 01 July 2013 until 30 June 2014, which agreements, inter alia, govern the performance objectives and targets that must be met by the Municipal Manager and managers directly accountable to the Municipal Manager, the timeframes within which those performance objectives and targets must be met as well as the reward paid to the employee by the employer as recognition of outstanding performance.

However, on 19 December 2013, the Executive Mayor in consultation with the Deputy Executive Mayor in terms of delegated powers resolved that no performance bonuses be paid to the Municipal Manager and managers directly accountable to the Municipal Manager with effect from 01 February 2014, which was subsequently accepted by these category of employees by way of signing addendums to the principal performance agreements to effect this change.



## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

## 4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX															
Management Level		Gender	Employees in post as at 30 June 2016 No.	Learnerships			Skills Programmes and other Short Courses			Other Forms of Training			Total		
				Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	Target	Actual: End of Year 0	Actual: End of Year 1	
MM and S56	Female		1	0	0	0	0	1	1	0	0	0	0	1	1
	Male		3	0	0	0	2	3	2	0	0	0	2	3	2
Councillors, senior officials and managers	Female		6	0	0	0	4	4	4	0	0	0	4	4	4
	Male		21	0	0	0	27	17	13	0	0	0	27	17	13
Technicians and associate professionals	Female		2	0	0	0	1	1	2	0	0	0	1	1	2
	Male		7	0	0	0	4	9	7	0	0	0	4	9	7
Professionals	Female		25	0	0	0	21	18	25	0	0	0	21	18	25
	Male		40	0	0	0	48	41	40	0	0	0	48	41	40
Sub-total	Female		34	0	0	0	26	24	32	0	0	0	26	24	32
	Male		71	0	0	0	81	70	62	0	0	0	81	70	62
Total			105	0	0	0	107	94	94	0	0	0	107	94	94
*Registered with professional associate body e.g. CA (SA) - *50															T4, 5.1



FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT						
Description	A. Total Number of Officials Employed by Municipality (Regulation 14(4)(A) and (C))	B. Total Number of Officials Employed by Municipal Entities (Regulation 14(4)(A) and (C))	Consolidate d: Total of A and B	Consolidated: Competency Assessments Completed for A and B (Regulation 14(4)(B) and (D))	Consolidated: Total Number of Officials Whose Performance Agreements Comply with Regulation 15 (Regulation 14(4)(F))	Consolidated: Total Number of Officials that Meet Prescribed Competency Levels (Regulation 14(4))
Accounting Officer	1	0	1	0	1	0
Chief Financial Officer	1	0	1	0	1	1
Senior Managers	2	0	2	0	2	1
Any other Financial Officials	27	0	27	0	0	12
Heads Of Supply Chain Management Units	1	0	1	0	0	1
Supply Chain Management Senior Managers	1	0	1	0	0	1
<b>TOTAL</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>4</b>	<b>16</b>
<b>T4.5.2</b>						

SKILLS DEVELOPMENT EXPENDITURE											
R1,170,423											
Management level	Gender	Employees as at the beginning of the Financial Year No.	Original Budget and Actual Expenditure on Skills Development Year 1		Skills Programmes and other Short Courses		Other Forms of Training		Total		
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S56	Female	1	0	0	1	R24,138	0	0	1	R24,138	
	Male	3	0	0	3	R48,276	0	0	3	R48,276	
Legislators, Senior Officials and Managers	Female	6	0	0	4	R5,000	0	0	4	R5,000	
	Male	21	0	0	17	R133,706	0	0	17	R133,706	
Professionals	Female	25	0	0	18	R168,619	0	0	18	R168,619	
	Male	40	0	0	41	R257,701	0	0	41	R257,701	
Technicians and Associate Professionals	Female	2	0	0	1	R6,817	0	0	1	R6,817	
	Male	7	0	0	9	R86,676	0	0	9	R86,676	
Clerks	Female	45	0	0	7	R58,488	0	0	7	R58,488	
	Male	8	0	0	2	R24,138	0	0	2	R24,138	
Service and Sales Workers	Female	7	0	0	3	R51,276	0	0	3	R51,276	
	Male	42	0	0	16	R173,238	0	0	16	R173,238	
Plant and Machine Operators and Assemblers	Female	2	0	0	0	0	0	0	0	0	
	Male	38	0	0	26	R53,050	0	0	26	R53,050	
Elementary Occupations	Female	27	0	0	2	0	0	0	2	0	
	Male	73	0	0	24	R79,300	0	0	24	R79,300	
Sub-total	Female	115	0	0	35	R314,338	0	0	35	R314,338	
	Male	232	0	0	136	R856,085	0	10	136	R856,085	
<b>Total</b>		<b>347</b>	<b>0</b>	<b>0</b>	<b>171</b>	<b>R1,170,423</b>	<b>0</b>	<b>0</b>	<b>171</b>	<b>R1,170,423</b>	
*% and *R value of municipal salaries (original budget) allocated for Workplace Skills Plan.										<b>0.8 %*</b>	<b>*R1,326,130</b>
											<b>T4.5.3</b>

### COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The annual Workplace Skills Plan (WSP) submitted to the LGSETA aims to serve more as a guide than a strategic training plan. The actual implementation of planned training within the Cape Winelands District Municipality is influenced by an array of internal and external factors. With regards to the implementation of planned training within the Cape Winelands District Municipality, there is a 75% - 80% correlation between what is planned and what is implemented. The variance difference between budgeted and actual expenditure for training is a direct result of, inter alia, the administrative instability of the national office of the LGSETA over the past 3 to 5 years, although the latter is steadily improving with the appointment of the new LGSETA Board of Directors appointed in November 2015.

From 2009 to 2015, the Cape Winelands District Municipality did not receive approval, nor funding for any learnerships and special projects applied for, hence the significant variance between planned and actual training. In January 2016, the Cape Winelands District Municipality received approval for the appointment of the Work Integrated Learning (WIL) Interns. These Interns are appointed in order for them to obtain practical experience ensuring their work readiness.

The LGSETA continually change their reporting templates which severely affects internal electronic systems and in most cases LGSETA online systems are not user friendly and only partly functional. The latter also improved in the reported financial year, although the referred system is far from being an effective operating and reporting system. Regulatory changes to the Skills Development Levies Act, 1999 (Act No 9 of 1999) in 2014/2015 changed the reporting and-submission dates of Workplace Skills Plans and Annual Training Reports, which impacted the disbursement of LGSETA grants. Thus, the latter do not synchronize with municipal planning and financial timeframes, resulting in inadequate municipal planning and spending of LGSETA Grants. The latter coupled with unrealistic timeframes and inadequate administrative processes by the LGSETA, only contribute to the already overburdened municipalities which negatively affects skills development in the broader sense.

In conclusion, strengthened relations between municipalities on a district and provincial level, not only positively impacts the identification and coordination of priority training needs, it also ensures the capacity building of struggling municipalities through shared services. The Cape Winelands District Municipality plays a vital role in these initiatives and in future will strive to further strengthen and improve our supporting and coordination functions to the local municipalities.



NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED DURING THE 2015/2016 FINANCIAL YEAR		
Beneficiaries	Gender	Total
Top Management (MM & Section 56)	Female	0
	Male	0
Senior Management (T18 – T19)	Female	0
	Male	0
Professionally qualified and experienced specialists and mid-management (T14 – T17)	Female	0
	Male	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (T9 – T13)	Female	0
	Male	0
Semi-skilled and discretionary decision- making (T4 – T8)	Female	0
	Male	0
Unskilled and defined decision-making (T1 – T3)	Female	0
	Male	0
Total		0
		T4.6.2

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EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Executive Secretary in the Office of the Municipal Manager	1	T9	Remuneration levels of individual employees in terms of different TASK salary scales and notches.	<p>Clause 11 of the TASK Job Evaluation Process Plan stipulated that:</p> <p><i>Employees will be placed on the salary notch for the applicable TASK grade which is the closest higher salary notch to their existing salary notch.</i></p> <p><i>Employees whose existing basic salary is higher than the maximum of the applicable TASK grade will retain their existing basic salary scale on a personal-to-incumbent basis.</i></p>
Public Relations Officer	1	T9		
Senior Accountant: Expenditure	1	T12		
Credit Controller	1	T9		
Principal Clerk: Expenditure	3	T7		
Administrator: Payroll	1	T10		
Principal Clerk: Payroll	1	T7		
Senior Buyer	1	T12		
Senior Supply Chain Management Officer	1	T10		
Procurement Clerk	1	T5		
Chief Clerk: Supplier/Database Administration	1	T8		
Administrator: Asset Management & Systems Maintenance	1	T9		
Senior Clerk: Assets/Expenditure	1	T6		
Administrative Secretary: Councillor Support	1	T8		
Administration Officer	2	T9		
Chief Clerk: Community Liaison	2	T8		
Human Resource Administration Officer	1	T10		
Training & Performance Management Officer	1	T10		
Chief: Committees & Administrative Support	1	T12		
Committee Officer	1	T10		
Chief Clerk: Records	1	T8		
Principal Clerk: Records	1	T7		
Clerk: Support Services	1	T5		

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EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Receptionist / Switchboard Operator	2	T6	Remuneration levels of individual employees in terms of different TASK salary scales and notches.	Clause 11 of the TASK Job Evaluation Process Plan stipulated that:  <i>Employees will be placed on the salary notch for the applicable TASK grade which is the closest higher salary notch to their existing salary notch.</i>  <i>Employees whose existing basic salary is higher than the maximum of the applicable TASK grade will retain their existing basic salary scale on a personal-to-incumbent basis.</i>
Driver Messenger	2	T4		
General Assistant: Logistical Support	3	T3		
Youth Development Officer	1	T10		
Executive Secretary	2	T8		
Senior Tourism Officer	1	T11		
Tourism Officer	1	T10		
LED Project Assistant	1	T7		
Community Development Officer	2	T11		
Senior Fire Fighter	1	T10		
Disaster Management Officer: Preparedness	1	T11		
Administrator: Housing	1	T10		
Principal Clerk: Help Desk (ICT)	1	T7		
Administrator: Working for Water	1	T8		
Cleaner: Administration Support (Working for Water)	1	T2		
Administrator: IMMS Office	1	T10		
Senior Clerk: IMMS	1	T6		
Senior General Worker: Roads	5	T4		
Assistant Superintendent: Roads	3	T10		
General Worker: Roads	1	T3		
General Assistant: Mechanical Workshop	1	T3		

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of Appointment	No. Appointed	Reason for Appointment when No Established Post Exists
NONE				
				T4.6.4



**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE**

- T4.6.2: All filled posts on the approved staff establishment of the Cape Winelands District Municipality have been evaluated in terms of the TASK Job Evaluation System.
- T4.6.3 The Cape Winelands District Municipality did not make any appointments to posts that do not exist on the staff establishment in the 2015/2016 financial year.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance;
- Component B: Spending Against Capital Budget; and
- Component C: Other Financial Matters.

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### 5.1 INTRODUCTION TO FINANCIAL STATEMENTS

The Cape Winelands District Municipality maintained a sound financial position during the 2014/2015 financial year, despite the fact that its own revenue sources remain limited. Currently, being a district municipality unauthorised for water and sanitation, the RSC Levies Replacement Grant (DORA) increases by 3% a year. Consequently, the Cape Winelands District Municipality's financial resources shrink constantly, but it still manages to render basic, dignified, fundamental services to the communities they have been entrusted to by the Constitution of the Republic of South Africa.

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

FINANCIAL SUMMARY						
Description	2014/2015	2015/2016		2015/2016 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	-	-	-	-	-	-
Service charges	487	165	165	2 503	-1417%	-1417%
Investment revenue	35 342	34 545	34 545	43 014	-25%	-25%
Transfers recognised – operational	311 031	362 195	362 195	338 307	7%	7%
Other own revenue	3 656	3 022	3 022	2 809	7%	7%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>350 516</b>	<b>399 927</b>	<b>399 927</b>	<b>386 633</b>	<b>3%</b>	<b>3%</b>
Employee costs	155 152	188 414	188 414	155 554	17%	17%
Remuneration of Councillors	10 207	11 853	11 853	10 779	9%	9%
Depreciation and asset impairment	8 654	9 701	10 096	9 886	-2%	2%
Finance charges	8	29	29	2	93%	93%
Materials and bulk purchases	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-
Other expenditure	136 380	189 600	186 303	161 414	15%	13%
<b>Total Expenditure</b>	<b>310 401</b>	<b>399 597</b>	<b>396 695</b>	<b>337 635</b>	<b>16%</b>	<b>15%</b>
<b>Surplus/(Deficit)</b>	<b>40 115</b>	<b>330</b>	<b>3 232</b>	<b>48 998</b>	<b>-14748%</b>	<b>-1416%</b>
Transfers recognised – capital	-	-	-	-	-	-
(Loss)/Gain on disposal of assets and liabilities	-1 238	-330	-3 232	-3 217	-875%	0%
<b>Surplus/(Deficit) after capital transfers and contributions</b>	<b>38 877</b>	<b>-</b>	<b>-</b>	<b>45 781</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>38 877</b>	<b>-</b>	<b>-</b>	<b>45 781</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure and fund sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

FINANCIAL SUMMARY						
Description	2014/2015	2015/2016		2015/2016 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Capital expenditure</b>	4 906	11 017	11 017	4 733	57%	57%
Transfers recognised – capital	-	1 350	1 350	419	69%	69%
Public contributions and donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	4 906	9 667	9 667	4 314	55%	55%
<b>Total sources of capital funds</b>	<b>4 906</b>	<b>11 017</b>	<b>11 017</b>	<b>4 733</b>	<b>57%</b>	<b>57%</b>
<b>Financial position</b>						
Total current assets	523 682	524 032	524 032	595 161	-14%	-14%
Total non-current assets	243 137	240 392	240 392	227 679	5%	5%
Total current liabilities	33 805	32 000	32 000	44 347	-39%	-39%
Total non-current liabilities	150 027	150 176	150 176	149 727	0%	0%
Community wealth/equity	582 987	582 248	582 248	628 767	-8%	-8%
<b>Cash flows</b>						
Net cash from (used) operating	51 712	21 407	21 407	70 638	-230%	-230%
Net cash from (used) investing	-4 611	-11 017	-11 017	-4 744	57%	57%
Net cash from (used) financing	-106	-29	-29	-28	3%	3%
<b>Cash/cash equivalents at the year-end</b>	<b>504 118</b>	<b>482 486</b>	<b>482 486</b>	<b>569 984</b>	<b>-18%</b>	<b>-18%</b>
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	504 118	504 118	504 118	569 984	-13%	-13%
Application of cash and investments		262 747	262 747			
<b>Balance – surplus (shortfall)</b>	<b>504 118</b>	<b>241 371</b>	<b>241 371</b>			
<b>Asset management</b>						
Asset register summary (WDV)	208 112	205 368	205 368	200 074	3%	3%
Depreciation and asset impairment	8 654	9 701	10 096	9 886	-2%	2%

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

FINANCIAL SUMMARY						
Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Renewal of existing assets	-	-	-	-	%	%
Repairs and maintenance	-	-	-	-	%	%
Free services						
Cost of free basic Services provided	-	-	-	-	%	%
Revenue cost of free services provided	-	-	-	-	%	%
Households below minimum service level						
Water	-	-	-	-	%	%
Sanitation/sewerage	-	-	-	-	%	%
Energy	-	-	-	-	%	%
Refuse	-	-	-	-	%	%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						5.1.1

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

GRANT PERFORMANCE						
Description	2014/2015	2015/2016		2015/2016 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Transfers and Grants</b>						
National Government	217 493	220 236	220 686	219 523	-	-
Local Government Equitable Share	7 870	6 172	6 172	6 172	-	-
RSC Levy Replacement	205 736	210 384	210 834	210 834	-	-
EPWP Incentive	1 000	1 000	1 000	1 000	-	-
Finance Management	1 935	1 250	1 250	1 250	-	-
Municipal Systems Improvement Grant	952	930	930	263	72%	72%
Rural Roads Asset Management System	-	500	500	4	99%	99%
<b>Provincial Government</b>	<b>1 480</b>	<b>3 427</b>	<b>3 663</b>	<b>2 128</b>	<b>38%</b>	<b>42%</b>
CWDM integrated transport plan	412	1 100	1 100	466	58%	58%
Provincial Treasury: FMG	569	1 656	1 656	1 099	34%	34%
Housing subsidy: Hermon	-	-	-	-	-	-
Transport safety and compliance	144	-	-	-	-	-
WCG (Ignite)	-	-	-	-	-	-
Housing Consumer Education	-	-	-	-	-	-
Community Development Workers	121	91	91	49	46%	46%
Training of Housing Officials	-	-	-	-	-	-
Non-Motorised Transport Plan	106	394	394	394	0%	0%
Greenest Municipality Competition	50	50	50	50	0%	0%
Performance Management Grant	14	-	236	-	N/A	N/A
IDP Support Grant	64	136	136	70	49%	49%
Worcester Transport Precinct	-	-	-	-	-	-
Development of Sport and Recreational Facilities	-	-	-	-	-	-
<b>District Municipality</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other grant providers</b>	<b>93 996</b>	<b>136 368</b>	<b>136 368</b>	<b>118 108</b>	<b>13%</b>	<b>13%</b>
Subsidised hiring of toilets	353	320	320	346	-8%	-8%
Tirelo Bosh: Public Service Improvement Facility	312	988	988	736	26%	26%
Subsidy: Meerlust	50	-	-	-	-	-
Contribution by private land owners	1 874	1 000	1 000	828	17%	17%
Upgrade Rural Roads	-	381	381	218	43%	43%
Seta Refund	-	637	637	406	36%	36%
Public Contributions	13	22	22	-	100%	100%
Roads: Agency	88 163	128 907	128 907	113 288	12%	12%
Working for Water	3 231	4 113	4 113	2 286	44%	44%
<b>Total Operating Transfers and Grants</b>	<b>312 969</b>	<b>360 031</b>	<b>360 717</b>	<b>339 759</b>	<b>6%</b>	<b>6%</b>

T5.2.1



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

## 5.2 GRANTS

GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)						
Details of Donor	2014/2015	2015/2016	2015/2016 Municipal Contribution	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and Benefit from the Grant Received
<b>Parastatals</b>						
A - "Project 1"	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Private Sector / Organisations</b>						
Nedbank	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
						T5.2.3

GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)						
Details of Donor	2014/2016	2015/2016	2016/2016 Municipal Contribution	Date Grant Terminates	Date Municipal Contribution Terminates	Nature and Benefit from the Grant Received
<b>Parastatals</b>						
A - "Project 1"	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Private Sector / Organisations</b>						
Nedbank	-	-	-	-	-	-
A - "Project 2"	-	-	-	-	-	-
B - "Project 1"	-	-	-	-	-	-
B - "Project 2"	-	-	-	-	-	-
	-	-	-	-	-	-
						T5.2.3

**5.3 ASSET MANAGEMENT****INTRODUCTION TO ASSET MANAGEMENT**

The municipality does not provide basic services; hence it does not have major infrastructure assets. Assets mainly consist of land, buildings, vehicles and other property, plant and equipment.

The GRAP-compliant Asset Management Policy of the Cape Winelands District Municipality sets out the procedures to be followed by the Accounting Officer, Executive Directors and their staff, to whom functions are delegated, for the management of the Cape Winelands District Municipality's assets and for reporting to Council on such functions wherever applicable. The policy enables the municipality to reflect the market value of the fixed assets on the Statement of Financial Position and improve its financial standing.



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2015/2016	
Asset 1	
Name	4 x 4 Bakkie Bouble Cab
Description	
Asset type	Vehicle Truck
Key staff involved	
Staff responsibilities	
Asset value	2015/2016
	R 497 723.89
Capital implications	Financed by the Capital Replacement Reserve
Future purpose of asset	Standby incident command vehicle
Describe key issues	
Policies in place to manage asset	Asset Management Policy
Asset 2	
Name	Additional Ablution Facilities - Ceres
Description	
Asset type	Building
Key staff involved	
Staff responsibilities	
Asset value	2015/2016
	R 329 443.89
Capital implications	Financed by the Capital Replacement Reserve
Future purpose of asset	To provide sufficient ablution facilities to the Cape Winelands personnel in Ceres
Describe key issues	
Policies in place to manage asset	Asset Management Policy
Asset 3	
Name	Manage Engine Service Desk
Description	
Asset type	Computer Software
Key staff involved	Personnel of the IT Department
Staff responsibilities	
Asset value	2015/2016
	R 187 885.42
Capital implications	Financed by the Capital Replacement Reserve
Future purpose of asset	To log reported incidents, warranties etc.
Describe key issues	
Policies in place to manage asset	Asset Management Policy
T5.3.2	

Repairs and Maintenance Expenditure: 2015/2016				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure				
				T5.3.4

#### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

##### COMMENT ON FINANCIAL RATIOS:

##### Liquidity Ratio (Norm 1 to 1.5)

Applying the ratio of current assets over current liabilities, the actual ratio equates 12.86 (2015: 14.91) with a minimum acceptable norm at 1. This means that the current assets of the municipality are more than the current liabilities. The 2015 current ratio of 14.91 decreased with 2.05 from the previous year. This is as a result of an increase in "The trade payables from exchange transactions" (115.3%). The municipality is in a very good position to meet its financial obligations on a timely basis.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.5 CAPITAL EXPENDITURE

Description	Original Budget	Adjustment Budget	Unaudited Full-year Total	Original Budget variance	Adjusted Budget Variance
Capital expenditure	11 017	11 017	4 758	57%	57%
Operating expenditure	399 598	396 695	337 636	16%	15%
<b>Total expenditure</b>	<b>410 615</b>	<b>407 712</b>	<b>342 394</b>	<b>17%</b>	<b>16%</b>
Water and sanitation	-	-	-	-	-
Electricity	-	-	-	-	-
Housing	-	-	-	-	-
Roads, pavements, bridges and storm water	-	-	-	-	-
Other	11 017	11 017	4 758	57%	57%
<b>Total</b>	<b>11 017</b>	<b>11 017</b>	<b>4 758</b>	<b>57%</b>	<b>57%</b>
External loans	-	-	-	-	-
Internal contributions	-	-	-	-	-
Grants and subsidies	1350	1350	419	69%	69%
Other	9667	9 667	4 339	55%	55%
<b>Total</b>	<b>11 017</b>	<b>11 017</b>	<b>4 758</b>	<b>57%</b>	<b>57%</b>
External loans	-	-	-	-	-
Grants and subsidies	362 195	362 195	338 307	7%	7%
Investments redeemed	-	-	-	-	-
Statutory receipts (including VAT)	-	-	-	-	-
Other receipts	37 732	37 732	48 326	-28%	-28%



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Description	Original Budget	Adjustment Budget	Unaudited Full-year Total	Original Budget variance	Adjusted Budget Variance
<b>Total</b>	<b>399 927</b>	<b>399 927</b>	<b>386 633</b>	<b>3%</b>	<b>3%</b>
Salaries, wages and allowances	188 414	188 414	155 554	17%	17%
Cash and creditor payments	201 358	201 358	175 173	13%	13%
Capital payments	11 017	11 017	4 744	57%	57%
Investments made	-	-	-	-	-
External loans repaid	-	-	-	-	-
Statutory payments (including VAT)	-	-	-	-	-
Other payments	9 826	9 826	10 125	-3%	-3%
<b>Total</b>	<b>410 615</b>	<b>410 615</b>	<b>345 596</b>	<b>16%</b>	<b>16%</b>
Property rates	-	-	-	-	-
Service charges	165	165	2 503	-1417%	-1417%
Other own revenue	1 620	1 620	1 763	-9%	-9%
<b>Total</b>	<b>1785</b>	<b>1 785</b>	<b>4266</b>	<b>-139%</b>	<b>-139%</b>
Employee related costs	188 414	188 414	155 554	17%	17%
Provision for working capital	-	-	-	-	-
Repairs and maintenance	69 630	69 630	65 511	6%	6%
Bulk purchases	-	-	-	-	-
Other expenditure	141 883	141 883	95 967	32%	32%
<b>Total</b>	<b>399 927</b>	<b>399 927</b>	<b>340 852</b>	<b>15%</b>	<b>15%</b>

CAPE WINELANDS DISTRICT MUNICIPALITY

2015/2016 ANNUAL REPORT

Service charges: Electricity	-	-	-	-	-
Grants & subsidies: Electricity	-	-	-	-	-
Other revenue: Electricity	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
Employee related costs: Electricity	-	-	-	-	-
Provision for working capital: Electricity	-	-	-	-	-

Description	Original Budget	Adjustment Budget	Unaudited Full-year Total	Original Budget variance	Adjusted Budget Variance
Repairs and maintenance: Electricity	-	-	-	-	-
Bulk purchases: Electricity	-	-	-	-	-
Other expenditure: Electricity	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
Service charges: Water	-	-	-	-	-
Grants and subsidies: Water	-	-	-	-	-
Other revenue: Water	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
Employee related costs: Water	-	-	-	-	-
Provision for working capital: Water	-	-	-	-	-
Repairs and maintenance: Water	-	-	-	-	-
Bulk purchases: Water	-	-	-	-	-
Other expenditure: Water	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
					T5.5.1

## 5.6 SOURCES OF FINANCE

CAPITAL EXPENDITURE – FUNDING SOURCES 2014/2015 – 2015/2016							
R' 000							
Details	2014/2015	2015/2016					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance	
Source of finance							
	External loans	-	-	-	-	-	-
	Public contributions and donations	-	-	-	-	-	-
	Grants and subsidies	-	1 350	1 350	419	62%	69%
	Other	4 906	9 667	9 667	4 355	75%	55%
Total		4 906	11 017	11 017	4 774	74%	57%
Percentage of finance							
	External loans	-					
	Public contributions and donations	-					
	Grants and subsidies	-	12.25%	12.25%	8.78%		
	Other	100%	87.75%	87.75%	91.22%		
Capital expenditure		-					
	Water and sanitation						
	Electricity	-					
	Housing	-					
	Roads and storm water	-					



CAPITAL EXPENDITURE – FUNDING SOURCES 2014/2015 – 2015/2016							
R' 000							
Details		2014/2015	2015/2016				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
	Other	4 906	11 017	11 017	4 774	74%	57%
Total		4 906	11 017	11 017	4 774	74%	57%

CAPITAL EXPENDITURE – FUNDING SOURCES 2014/2015 – 2015/2016							
R' 000							
Details		2014/2015	2015/2016				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Percentage of expenditure	-	-	-	-	-	-	-
	Water and sanitation	-	-	-	-	-	-
	Electricity	-	-	-	-	-	-
	Housing	-	-	-	-	-	-
	Roads and storm water	-	-	-	-	-	-
	Other	100.00%	100.00%	100.00%	100.00%	100.00%	-
T5.6.1							

## 5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

CAPITAL EXPENDITURE OF FIVE LARGEST PROJECTS					
R' 000					
Name of Project	2015/2016			Variance Current Year: 2015/2016	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
4 x 4 Bakkie Double Cab	500 000	500 000	497 724	-	-
Add. Ablution Facilities Ceres	330 012	330 012	329 444	-	-
Manage engine service desk	250 000	250 000	187 885	25%	25%
Wash Bay/ Truck Canopies	171 900	171 900	171 899	-	-
Control Centre Upgrade	136 000	136 000	136 000	-	-
Projects with the highest capital expenditure in 2015/2016					
Name of Project – A	4 X 4 BAKKIE DOUBLE CAB				
Objective of Project					
Delays					
Future challenges					
Anticipated citizen benefits					
Name of Project – B	ADD. ABLUTION FACILITIES CERES				
Objective of project					
Delays					
Future challenges					
Anticipated citizen benefits					
Name of Project – C	MANAGE ENGINE SERVICE DESK				
Objective of project					
Delays					
Future challenges					
Anticipated citizen benefits					
Name of Project – D	WASH BAY/ TRUCK CANOPIES				
Objective of project					
Delays					
Future challenges					
Anticipated citizen benefits					
Name of Project – E	CONTROL CENTRE UPGRADE				

CAPITAL EXPENDITURE OF FIVE LARGEST PROJECTS					
R 000					
Name of Project	2015/2016			Variance Current Year: 2015/2016	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance
Objective of project					
Delays					
Future challenges					
Anticipated citizen benefits					
					T5.7.1



## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

## 5.8 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The Cape Winelands District Municipality has no significant interest-bearing assets; hence income and operating cash flows are substantially independent of changes in market interest rates. The Cape Winelands District Municipality deposits cash surpluses with financial institutions of high quality and standing. The Cash Management and Investment Policy of the municipality is aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes

## 5.9 CASH FLOW

CASH FLOW OUTCOMES				
R'000				
Description	2014/2015	2015/2016		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	92 571	136 505	136 505	114 250
Government – Operating	221 524	230 185	230 185	223 779
Government – Capital	-	-	-	-
Interest	32 368	34 960	34 960	40 538
Dividends	-	-	-	-
<b>Payments</b>				
Suppliers and Employees	-294 751	-380 243	-380 243	-307 930
Finance Charges	-	-29	-29	-28
Transfers and Grants	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>51 712</b>	<b>21 378</b>	<b>21 378</b>	<b>70 609</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>				

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

CASH FLOW OUTCOMES				
R'000				
Description	2014/2015	2015/2016		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Receipts</b>				
Proceeds on Disposal of PPE	285	-	-	14
Decrease (Increase) in Non-current Debtors	-	-	-	-
Decrease (Increase) Other Non-current Receivables	-	-	-	-
Decrease (Increase) in Non-current Investments	-	-	-	-
<b>Payments</b>				
Capital assets	-4 897	-11 017	-11 017	-4 758
<b>NET CASH FROM/(USED) INVESTMENT ACTIVITIES</b>	<b>-4 611</b>			<b>-4 744</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short-term Loans	-	-	-	-
Borrowing Long Term/Refinancing	-	-	-	-
Increase (Decrease) in Consumer Deposits	-	-	-	-
<b>Payments</b>				
Repayment of borrowing	-106	-29	-29	-28
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-106</b>	<b>-29</b>	<b>-29</b>	<b>-28</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>46 994</b>	<b>21350</b>	<b>21 350</b>	<b>65 865</b>
Cash/Cash Equivalents at the beginning of the Year	457 124	472 096	472 096	504 118
Cash/Cash Equivalents at the Year-end	504 118	493446	493 446	569 983

Source: MBRR SA7 T5.9.1

## 5.10 BORROWING AND INVESTMENTS

The Cape Winelands District Municipality has no outstanding loans.

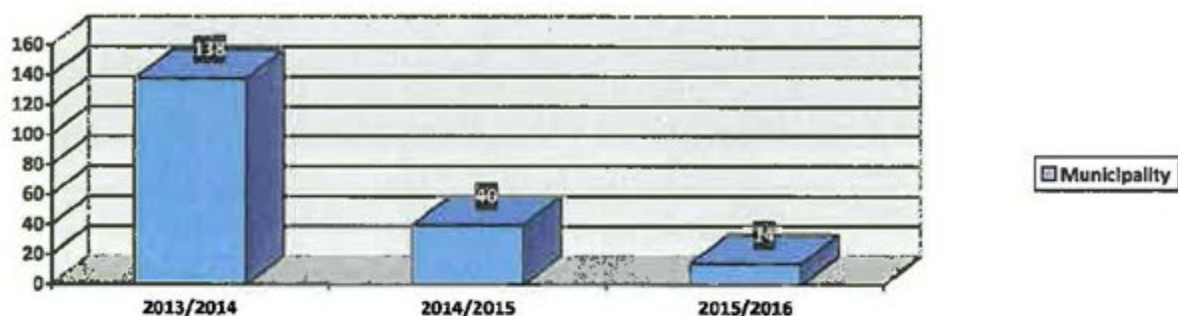
Actual Borrowings: 2014/2015 – 2015/2016			
R' 000			
Instrument	2013/2014	2014/2015	2015/2016
<b>Municipality</b>			
Long-term Loans (Annuity/Reducing Balance)	-	-	-
Long-term Loans (Non-annuity)	-	-	-
Local Registered Stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	138	30	14
PPP Liabilities	-	-	-
Finance Granted by Capital Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-marketable Bonds	-	-	-
Bankers' Acceptances	-	-	-
Financial Derivatives	-	-	-
Other Securities	-	-	-
<b>Municipality Total</b>	<b>138</b>	<b>40</b>	<b>14</b>
<b>Municipal Entities</b>			
Long-term Loans (Annuity/Reducing Balance)	-	-	-
Long-term Loans (Non-annuity)	-	-	-
Local Registered Stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP Liabilities	-	-	-
Finance Granted by Capital Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-marketable Bonds	-	-	-
Bankers' Acceptances	-	-	-
Financial Derivatives	-	-	-
Other Securities	-	-	-
<b>Entities Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

T5.10.2



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT



MUNICIPAL AND ENTITY INVESTMENTS			
R' 000			
Investment type	2013/2014	2014/2015	2015/2016
	Actual	Actual	Actual
<b>Municipality</b>			
Securities – National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits – Bank	442 000	486 000	556 000
Deposits – Public Investment Commissioners	-	-	-
Deposits – Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit – Banks	-	-	-
Guaranteed Endowment Policies (Sinking)	-	-	-
Repurchase Agreements – Banks	-	-	-
Municipal Bonds	-	-	-
Other	-	-	-
<b>Municipality sub-total</b>	<b>442 000</b>	<b>486 000</b>	<b>556 000</b>
Securities – National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits – Bank	-	-	-

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

MUNICIPAL AND ENTITY INVESTMENTS			
R' 000			
Investment type	2013/2014	2014/2015	2015/2016
	Actual	Actual	Actual
Deposits – public investment commissioners	-	-	-
Deposits – corporation for public deposits	-	-	-
Bankers' acceptance certificates	-	-	-
Negotiable certificates of deposit – banks	-	-	-
Guaranteed endowment policies (sinking)	-	-	-
Repurchase agreements – banks	-	-	-
Other	-	-	-
<b>Municipal entities</b>			
Entities Sub-total	-	-	-
<b>Consolidated Total:</b>	<b>442 000</b>	<b>486 000</b>	<b>556 000</b>

**COMPONENT D: OTHER FINANCIAL MATTERS****5.11 SUPPLY CHAIN MANAGEMENT****Supply Chain Management**

Prescribed supply chain management processes and procedures as per the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), Section 110-119 and the Supply Chain Management Regulations, 2005 are in place and maintained. Procurement plans were recently introduced in collaboration with the service departments to improve demand management.

This will ultimately contribute to more effective service delivery. Documentation and control on contract management, specifically on long-term contracts, remains a challenge and will be addressed in the course of this financial year. The Cape Winelands District Municipality endeavours to maintain an effective supplier database to acquire the necessary goods and services; however, it is reliant on the cooperation of the suppliers. Many companies, especially agents, are reluctant to provide the necessary documentation to be accredited and alternatives are not so readily available. All supply chain managers meet the prescribed unit standard competency area as per the Regulations on Minimum Competency Levels.

**5.12 GRAP COMPLIANCE**

The financial statements of the Cape Winelands District Municipality have been prepared in accordance with GRAP in terms of Section 122(3) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), including any interpretations, guidelines and directives issued by the Accounting Standards Board. Accounting policies for material transactions, events or conditions not covered by GRAP standards were developed in accordance with the hierarchy set out in paragraph 12 of GRAP 3.



## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give "full and regular" reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and annual reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Such report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved budget</b>	An approved budget means an annual budget that has been approved by Council and includes such annual budget as revised by an adjustment budget in terms of Section 28 of the MFMA.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General key performance indicators</b>	After consultation with MECs for local government, the minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery and infrastructure;</li> <li>• Economic development;</li> </ul>



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

	<ul style="list-style-type: none"> <li>• Municipal transformation and institutional development;</li> <li>• Financial viability and management; and</li> <li>• Good governance and community participation.</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are <i>"what we wish to achieve"</i> .
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as <i>"what we produce or deliver"</i> . An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
<b>Performance indicator</b>	Indicators should be specified to measure performance in relation to input, activities, output, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>Performance information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance standards</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS, performance standards are divided into indicators and the time factor.
<b>Performance targets</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery and Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>(a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p>(b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i></p>

**CHAPTER 6 – AUDITOR GENERAL'S FINDINGS**

**Refer to annexure attached.**



# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Cape Winelands District Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Cape Winelands District Municipality set out on pages 5 to 87, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Winelands District Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Restatement of corresponding figures

8. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the 2015-16 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2015.

## Underspending of capital budget

9. As disclosed in the statement of comparison of budget and actual amounts on page 11 and in note 46 on page 83 of the financial statements, the municipality only spent R4,744 million of its finally approved capital budget of R11,017 million (43%) during the year. As indicated, the underspending was mainly as a result of non-responsive bids as well as time constraints since most of the fire-fighting equipment is specialised and can only be purchased abroad, resulting in unforeseen delays.

## Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary information

11. The supplementary information set out on pages 88 to 95 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.



## Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
- Strategic objective 1: to create an environment and forge partnerships that ensure the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environment and social infrastructure investment on pages 44 to 45
  - Strategic objective 2: promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities on page 48
15. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Strategic objective 1: to create an environment and forge partnerships that ensure the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environment and social infrastructure investment
  - Strategic objective 2: promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities

### Additional matters

18. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:



## Achievement of planned targets

19. Refer to the annual performance report on pages 44 to 46 for information on the achievement of the planned targets for the year.

## Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for strategic objective 1: to create an environment and forge partnerships that ensure the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environment and social infrastructure investment; and strategic objective 2: promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

## Compliance with legislation

21. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

## Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2016



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## APPENDICES

## APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council Members	Full-time (FT) / Part-time (PT)	Committees allocated	Ward and/or party represented	Council meetings attended (10 meetings held for the financial year)
Cllr JJ Abrahams	PT	Social and Community Development Services Committee Municipal Public Accounts Committee	DA	8
Cllr AF Afrika	PT	None	ANC	5
Cllr MB Arnolds	FT	Mayoral Committee Social and Community Development Services Committee	DA	9
Cllr CC Brink	PT	Training Committee Municipal Public Accounts Committee Finance and Corporate Services Committee	ANC	6
Cllr NM Bushwana	PT	Municipal Public Accounts Committee Local Labour Forum (Alternate)	ANC	8
Cllr GJ Carinus	FT	Mayoral Committee Local Labour Forum Economic Growth and Infrastructure Services Committee	DA	9
Cllr WL Chaaban	PT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Municipal Public Accounts Committee.	NPP	1
Cllr A Crombie	PT	None	DA	10
Cllr JB Cronje	PT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Rules Committee Municipal Public Accounts Committee Finance and Corporate Services Committee Economic Growth and Infrastructure Services Committee	COPE	5
Cllr C Damens	PT	Social and Community Development Services Committee	DA	10

## CAPE WINELANDS DISTRICT MUNICIPALITY

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Council members	Full-time (FT) / Part-time (PT)	Committees allocated	Ward and/ or party represented	Council meetings attended (10 meetings held for the financial year)
Ald CA de Bruyn (Executive Mayor)	FT	Mayoral Committee	DA	9
Cllr JJ du Plessis	FT	Mayoral Committee Economic Growth and Infrastructure Services Committee	DA	10
Cllr ZL Gwada	PT	Training Committee (Alternate) Local Labour Forum	ANC	9
Cllr ND Hani	PT	Rules Committee Municipal Public Accounts Committee Local Labour Forum Economic Growth and Infrastructure Services Committee	ANC	9
Cllr JK Hendriks	PT	None	DA	10
Cllr DA Hendrickse	PT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Social and Community Development Services Committee Rules Committee Finance and Corporate Services Committee	SCA	8
Cllr DB Janse	PT	Social and Community Development Services Committee Municipal Public Accounts Committee Economic Growth and Infrastructure Services Committee	DA	10
Cllr HM Jansen (Deputy Executive Mayor)	FT	Mayoral Committee	DA	9
Ald (Dr) NE Kahlberg	FT	Mayoral Committee Local Labour Forum (Alternate) Finance and Corporate Services Committee	DA	9
Cllr X Kalipa	PT	Social and Community Development Services Committee Local Labour Forum Economic Growth and Infrastructure Services Committee	DA	9
Cllr BJ Kriegler	PT	Social and Community Development Services Committee Economic Growth and Infrastructure Services Committee	DA	10



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Council members	Full-time (FT) / Part-time (PT)	Committees allocated	Ward and/ or party represented	Council meetings attended (10 meetings held for the financial year)
Cllr ESC Matjan (Manel)	PT	None	DA	10
Cllr P Marran	PT	None	ANC	6
Cllr J Matthee	PT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Rules Committee Municipal Public Accounts Committee Finance and Corporate Services Committee Economic Growth and Infrastructure Services Committee	ACDP	10
Cllr C Mcako	PT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Municipal Public Accounts Committee	ANC	7
Cllr LX Mdemka	FT	Mayoral Committee Social and Community Development Services Committee Local Labour Forum (Alternate)	DA	10
Cllr C Meyer (Speaker)	FT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Social and Community Development Services Committee Rules Committee	DA	10
Cllr JS Mouton	PT	None	ANC	9
Cllr LW Niehaus	PT	Training Committee (Alternate) Social and Community Development Services Committee Municipal Public Accounts Committee	DA	8
Cllr WS Nyamana	PT	None	ANC	8
Cllr S Ross	PT	Local Labour Forum (Alternate)	DA	8
Cllr LN Siwakamisa	PT	None	ANC	8
Cllr G Stalmeester (Chief Whip)	FT	Special Committee to Investigate and make Findings on any alleged Breach of the Code of Conduct for Councillors Rules Committee Economic Growth and Infrastructure Services Committee	DA	10

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Council members	Full-time (FT) / Part-time (PT)	Committees allocated	Ward and/ or party represented	Council meetings attended (10 meetings held for the financial year)
Cllr D Swart	PT	None	DA	10
Cllr MS Tayitayi	PT	Social and Community Development Services Committee Local Labour Forum	ANC	9
Cllr JRF Torr	FT	Mayoral Committee Social and Community Development Services Committee Economic Growth and Infrastructure Services Committee	DA	9
Cllr CC van der Westhuizen (from 02.10.2015)	PT	None	ANC	4
Cllr JDF van Zyl	PT	Municipal Public Accounts Committee Economic Growth and Infrastructure Services Committee	DA	9
Cllr (Dr) H von Schlicht	FT	Mayoral Committee Training Committee Annual Performance Evaluation Panel (Managers directly accountable to the Municipal Manager) Local Labour Forum Finance and Corporate Services Committee	DA	10
Cllr MH Yabo	PT	Rules Committee Municipal Public Accounts Committee Local Labour Forum (Alternate)	ANC	9

## APPENDIX B – COMMITTEES AND PURPOSES OF COMMITTEES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Annual Performance Evaluation Panel (Managers directly accountable to the Municipal Manager)	To evaluate the annual performance of the managers directly accountable to the Municipal Manager.
Annual Performance Evaluation Panel (Municipal Manager)	To evaluate the annual performance of the Municipal Manager.
Rules Committee	To make recommendations to Council regarding matters affecting the procedures and policies of the municipal Council and its Councillors.
Oversight Committee	Disestablished (replaced by MPAC)
Training Committee	To develop the workforce in accordance with National Skills Development Strategy of national government.
Social and Community Development Services Committee	To make recommendations to the Executive Mayor regarding social and community development services.
Local Labour Forum	To negotiate and/or consult regarding matters of mutual concern; such matters referred from time to time by bargaining council or its divisions; except matters reserved for bargaining in bargaining council divisions.
Finance and Corporate Services Committee	To make recommendations to the Executive Mayor regarding finance and corporate services.
Economic Growth and Infrastructure Services Committee	To make recommendations to the Executive Mayor regarding economic growth and infrastructure services.



## Audit Committee

The Audit Committee is an independent advisory body which must-

- (a) Advise the municipal Council, the political office bearers, the Accounting Officer and the management staff of the municipality, or the board of directors, the Accounting Officer and the management staff of the municipal entity, on matters relating to –
- (i) Internal financial control and internal audits;
  - (ii) Risk management;
  - (iii) Accounting policies;
  - (iv) The adequacy, reliability and accuracy of financial reporting and information;
  - (v) Performance management;
  - (vi) Effective governance;
  - (vii) Compliance with the annual Division of Revenue Act and any other applicable legislation;
  - (viii) Performance evaluation; and
  - (ix) Any other issues referred to it by the municipality or municipal entity;
- (b) Review the annual financial statements to provide the Council of the municipality or, in the case of a municipal entity, the Council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with the annual Division of Revenue Act and any other applicable legislation;
- (c) Respond to the Council on any issues raised by the Auditor-General in the audit report;
- (d) Carry out such investigations into the financial affairs of the municipality or municipal entity as the Council of the municipality, or in the case of a municipal entity, the Council of the parent municipality or the board of directors of the entity, may request; and
- (e) Perform such other functions as may be prescribed.

Municipal Public Accounts Committee (MPAC)	<p>The primary terms of reference of the MPAC, in addition to other relevant functions, are as follows:</p> <p>a) Shall not be responsible for policy formulation;</p> <p>b) May engage directly with the public and consider public comments when received and will be entitled to request documents or evidence from the Accounting Officer;</p> <p>c) Shall have permanent referral of documents as they become available relating to:</p> <ul style="list-style-type: none"> <li>(i) In-year reports of the CWDM;</li> <li>(ii) Financial statements of the CWDM as part of its oversight process;</li> <li>(iii) Audit opinion, other reports and recommendations from the Audit Committee;</li> <li>(iv) Information relating to compliance in terms of Sections 128 and 133 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA);</li> <li>(v) Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before it;</li> <li>(vi) Any other audit report of the CWDM; and</li> <li>(vii) Performance information of the CWDM.</li> </ul> <p>d) Shall consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the Annual Report;</p> <p>e) In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report must also be reviewed, relating to current in-year reports, including the quarterly, mid-year and annual reports;</p> <p>f) Shall examine the financial statements and audit reports of the CWDM and in doing so, consider improvements from previous statements and reports and evaluate the extent to which the Audit Committee's and the Auditor-General's recommendations have been implemented;</p> <p>g) Shall promote good governance, transparency and accountability on the use of municipal resources;</p> <p>h) Shall recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the CWDM or the Audit Committee;</p>
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	<p>i) Shall request the support of both the internal and external auditors in an advisory capacity when necessary;</p> <p>j) Shall conduct investigations into unauthorised, irregular and/or fruitless and wasteful expenditure in accordance with Section 32(2)(a)(ii) of the MFMA and Regulation 74 of the Municipal Budget and Reporting Regulations; and</p> <p>k) Shall perform any other functions within its area of responsibility assigned to it through a resolution of Council.</p>
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## APPENDIX C – THIRD-TIER ADMINISTRATIVE STRUCTURE

THIRD-TIER STRUCTURE		
Directorate	Position	Name
<b>Office of the Municipal Manager</b>	Director: IDP, Performance and Risk Management	BN Nieuwoudt
	Senior Manager: Internal Audit	R Zeelie
	Deputy Director: Communication Services	R Kellies
<b>Financial and Strategic Support Services</b>	Director: Budget and Treasury Office	MJ Lesch
	Director: Human Resources	K Smit
	Director: Support Services	EFC Beukes
<b>Community Development and Planning Services</b>	Deputy Director: Local Economic Development	RWB van Wyk
	Senior Manager: Rural and Social Development	VR de Wee
	Deputy Director: Town and Regional Planning	QJ Balie
	Implementation Manager: Working for Water	MJ Paulsen
	Chief Fire Officer	DH Wilds
	Head of Municipal Disaster Management Centre	SP Minnies
	Deputy Director: Municipal Health Services	HD Boock
	Deputy Director: Municipal Health Services	RJ Humphreys
<b>Technical Services</b>	Deputy Director: Public Transport	BB Kurtz
	Deputy Director: Projects	C Swart
	Manager: Building Maintenance	TJ Solomon
	Deputy Director: Information Technology	Z Tyala
	Director: Roads	ACA Stevens
TC		

## APPENDIX D – FUNCTIONS OF MUNICIPALITY

In terms of the Local Government: Municipal Structures Act, No. 117 of 1998:

### CHAPTER 5

#### FUNCTIONS AND POWERS OF MUNICIPALITIES (ss 83-89)

##### 83 General

- (1) A municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution.
- (2) The functions and powers referred to in subsection (1) must be divided in the case of a district municipality and the local municipalities within the area of the district municipality, as set out in this Chapter.
- (3) A district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by-
  - (a) ensuring integrated development planning for the district as a whole;
  - (b) promoting bulk infrastructural development and services for the district as a whole;
  - (c) building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
  - (d) promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

##### 84 Division of functions and powers between district and local municipalities

- (1) A district municipality has the following functions and powers:
  - (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
  - (b) Potable water supply systems.
  - (c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
  - (d) Domestic waste-water and sewage disposal systems.
  - (e) Solid waste disposal sites, in so far as it relates to-
    - (i) the determination of a waste disposal strategy;
    - (ii) the regulation of waste disposal;
    - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
  - (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
  - (g) Regulation of passenger transport services.
  - (h) Municipal airports serving the area of the district municipality as a whole.
  - (i) Municipal health services.
  - (j) Fire fighting services serving the area of the district municipality as a whole, which includes-

- (i) planning, co-ordination and regulation of fire services;
  - (ii) specialised fire fighting services such as mountain, veld and chemical fire services;
  - (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - (iv) training of fire officers.
  - (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
  - (l) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
  - (m) Promotion of local tourism for the area of the district municipality.
  - (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
  - (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
  - (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.
- [Sub-s. (1) substituted by s. 6 (a) of Act 33 of 2000.]
- (2) A local municipality has the functions and powers referred to in section 83 (1), excluding those functions and powers vested in terms of subsection (1) of this section in the district municipality in whose area it falls.



### APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/2016

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of committee	Committee recommendations during year	Comments
07/07/2015	That the risk assessment on each system and disaster recovery also be investigated	Risk Assessment was done on all ICT systems during 2015/2016.
20/04/2016	That feedback on the implementation of mSCOA be provided on a quarterly basis	Feedback on progress made with implementation of mSCOA was reported quarterly to Audit Committee
28/07/2016	That the Charter of the Audit Committee be amended to make provision that the minutes be circulated to the members 7 working days after each meeting.	The Charter has been has been revised and will be submitted to Council for approval.

## APPENDIX F – DISCLOSURE OF FINANCIAL INTERESTS

DISCLOSURE OF FINANCIAL INTERESTS		
Period 1 July to 30 June of 2015/2016		
Position	Name	Description of financial interests (Nil or details)
Executive Mayor	Ald CA de Bruyn	<p>Membership of close corporation:</p> <ul style="list-style-type: none"> <li>Wife Teresa operates a Bed and Breakfast, Nacter CC t/a Linga Longa B&amp;B. Mrs de Bruyn is the sole shareholder and responsible person.</li> </ul> <p>Interest in property:</p> <ul style="list-style-type: none"> <li>Residence 77 Meiring Street, Worcester</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Executive Mayor, CWDM</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>MCPF</li> <li>Glaciers – annuity</li> <li>Sanlam &amp; Liberty annuities</li> </ul>
Member of MayCo / Exco	Cllr HM Jansen (Deputy Executive Mayor)	<ul style="list-style-type: none"> <li>Municipal pension</li> <li>Subsidy – motor &amp; home financing (FNB)</li> </ul>
	Cllr C Meyer (Speaker)	Nil
	Cllr G Stalmeester	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>YEBOYETHU and SASALINZALO</li> </ul> <p>Remuneration:</p> <ul style="list-style-type: none"> <li>Brede Valley Municipality</li> <li>Cape Winelands District Municipality</li> <li>GEPP – Dept. Correctional Services</li> </ul>
	Cllr (Dr) H von Schlicht	<p>Residence:</p> <ul style="list-style-type: none"> <li>9 Albatros Street, Wellington</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>ACVV Wellington</li> <li>Hugenote College</li> </ul> <p>CWDM Councillor remuneration</p>
	Ald (Dr) NE Kahlberg	<p>Interest in property:</p> <ul style="list-style-type: none"> <li>Residence</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Remuneration CWDM</li> <li>State pension</li> <li>Liberty Life &amp; Momentum Annuities</li> </ul>
	Cllr LX Mdemka	Nil
	Cllr JJ du Plessis	<p>Membership of any close corporations:</p> <ul style="list-style-type: none"> <li>Moulia du Plessis BK (farming)</li> </ul> <p>Interest in any trust:</p> <ul style="list-style-type: none"> <li>Oude Tol Investment Trust</li> <li>Du Plessis Family Trust</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>Sanlam Annuity</li> </ul>

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DISCLOSURE OF FINANCIAL INTERESTS		
Period 1 July to 30 June of 2015/2016		
Position	Name	Description of financial interests (Nil or details)
	Cllr GJ Carinus	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>• Propco Trust;</li> <li>• Madre Carinus Trust; and</li> <li>• Highmead Familie Trust</li> </ul> <p>Directorships:</p> <ul style="list-style-type: none"> <li>• Propco Trust; and</li> <li>• Madre Carinus Trust</li> </ul> <p>Interest in property:</p> <ul style="list-style-type: none"> <li>• Propco Trust</li> <li>• Madre Carinus Trust; and</li> <li>• Highmead Familie Trust</li> </ul>
	Cllr RB Arnolds	Nil
	Cllr JRF Torr	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>• Vandyksrust CC (Sole Member)</li> </ul> <p>Interest in property:</p> <ul style="list-style-type: none"> <li>• Residence – 1 Witzenberg Avenue, Ceres</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>• Cape Winelands District Municipality</li> <li>• Annuities – SA Mutual and Momentum</li> </ul>
Councillor	Cllr JJ Abrahams	<p>Directorship:</p> <ul style="list-style-type: none"> <li>• Acent Community Initiative – receives no payment</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>• Neighbourhood Watch</li> <li>• Boland Rugby Union</li> </ul>
	Cllr CF Afrika	Nil
	Cllr CC Brink	<p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>• Boland Cricket</li> <li>• Cape Winelands District Municipality</li> </ul>
	Cllr MN Bushwana	<p>Membership of any close corporation:</p> <ul style="list-style-type: none"> <li>• Matshaya Maintenance and Services which is now dormant.</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>• Breede Valley Municipality</li> <li>• Cape Winelands District Municipality</li> </ul>
	Cllr WL Chaaban	<p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>• Cape Winelands District Municipality</li> </ul>
	Cllr A Crombie	<p>Residence:</p> <ul style="list-style-type: none"> <li>• 7 Pool Street, Cloetesville</li> </ul>
	Cllr JB Cronje	<p>Interest in any trusts:</p> <ul style="list-style-type: none"> <li>• DL Cronje Familie Trust</li> </ul> <p>Interest in property:</p>



## CAPE WINELANDS DISTRICT MUNICIPALITY

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		<ul style="list-style-type: none"> <li>Owner 28 Fynbos Street, Welgevonden, Stellenbosch</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Researcher Trade Law Centre (Tralac), Blaauwklip Office Park, Stellenbosch</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>Retirement Annuity, Old Mutual</li> </ul>
	Cllr C Damens	Nil
	Cllr ZL Gwada	Nil
	Cllr ND Hani	Nil
	Cllr JK Hendriks	<p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Kanonkop Boerdery</li> </ul> <p>Pension:</p> <p>Municipal Pension &amp; Liberty Life</p> <p>Subsidies, Grants and sponsorships by any organization:</p> <ul style="list-style-type: none"> <li>MFC from Nedbank</li> </ul>
	Cllr DA Hendrickse	<p>Interest in any trust:</p> <ul style="list-style-type: none"> <li>Aqeelah Property Trust</li> <li>Pro-Africa Trust</li> </ul> <p>Interest in any property:</p> <ul style="list-style-type: none"> <li>Residential – 8 &amp; 15 Fontuin Street, Stellenbosch</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Stellenbosch Municipality</li> <li>Cape Winelands District Municipality</li> <li>Private policies</li> </ul>
	Cllr DB Janse	Nil
	Cllr X Kalipa	Nil
	Cllr BJ Kriegler	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>Portfolio at BJM</li> </ul> <p>Membership of any close corporation:</p> <ul style="list-style-type: none"> <li>Kleinberg Kriegler BK</li> </ul> <p>Interest in any trust:</p> <ul style="list-style-type: none"> <li>Kriegler Family Trust and Eidelweiss Trust</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Kleinberg Kriegler BK Farming</li> <li>Breede Valley Municipality</li> </ul>
	Cllr E Matjan (Manel)	<p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Cape Winelands District Municipality</li> <li>Breede Valley Municipality</li> </ul>
	Cllr P Marran	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>SERS Trading (Pty) Ltd</li> <li>BMMX Trading (Pty) Ltd</li> </ul> <p>Membership of any close corporations:</p> <ul style="list-style-type: none"> <li>Southern Ambitions 897CC</li> </ul> <p>Directorships:</p>

**CAPE WINELANDS DISTRICT MUNICIPALITY**

**2015/2016 ANNUAL REPORT**

		<ul style="list-style-type: none"> <li>BMMX Trading (Pty) Ltd</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Cape Winelands District Municipality</li> <li>Breede Valley Municipality</li> </ul>
	Cllr J Matthee	Nil
	Cllr C Mcako	<p>Directorship, partnership and financial interest:</p> <ul style="list-style-type: none"> <li>Happy Rest Stop Tavern, Kayamandi, Stellenbosch,</li> </ul> <p>Interest in any property:</p> <ul style="list-style-type: none"> <li>21 Nebo Street, Protea Heights</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>Municipal Pension Fund for Councillors</li> </ul>
	Cllr JS Mouton	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>Shosolozza Konstruksie</li> <li>Home Base Trade 83</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>Cape Joint Pension Fund</li> </ul>
	Cllr LW Niehaus	<p>Pension:</p> <ul style="list-style-type: none"> <li>Local authority</li> </ul>
	Cllr WS Nyamana	<p>Pension:</p> <p>Cape Joint Pension Fund</p>
	Cllr S Ross	Nil
	Cllr LN Siwakamisa	<p>Shares:</p> <ul style="list-style-type: none"> <li>MTN</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>MCPF</li> </ul>
	Cllr D Swart	<p>Shares and securities in any company:</p> <ul style="list-style-type: none"> <li>Crispy Beleggings Maatskappy</li> </ul> <p>Employment and remuneration:</p> <ul style="list-style-type: none"> <li>Cape Winelands District Municipality</li> <li>Witzenberg Municipality</li> </ul> <p>Pension:</p> <ul style="list-style-type: none"> <li>Witzenberg Municipality</li> </ul>
	Cllr MS Tayitayi	Nil
	Cllr CC van der Westhuizen	Nil
	Cllr JDF van Zyl	<p>Remuneration:</p> <ul style="list-style-type: none"> <li>Public Service Pension</li> </ul>
	Cllr MH Yabo	<p>Residence:</p> <p>Mpozo Street, Zwelethemba</p>

# APPENDIX G(I) – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Academy Of Learning – Wkloof	-	-	-	-	-	-
Admin. Support Service	-	-	-	-	-	-
Audit	-	-	-	-	-	-
Budget And Fin. Services	-	-	-	-	-	-
Buildings: Maintenance Cl	-	-	-	-	-	-
Bus Accident Fund	-	-	-	-	-	-
Capital Development Fund Acc.	-	-	-	-	-	-
Collection: Rsc Levies	-205 736	-210 384	-210 834	-210 834	0%	0%
Communication/Telephone	-	-	-	-	-	-
Comprehensive Health Service	-	-	-	-	-	-
Comprehensive Health: Cl	-	-	-	-	-	-
Comprehensive Health: Cw	-	-	-	-	-	-
Corporate And Strat. Services	-	-	-	-	-	-
Councillor Support	-	-	-	-	-	-
Disaster Management	-	-	-	-	-	-
District Management Area	-	-	-	-	-	-



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Economic Development	-312	-988	-988	-736	26%	26%
Eng. Department: Management	-	-	-	-	-	-
Enviromental Planning	-	-	-	-	-	-
Enviromental Services	-	-	-	-	-	-
Equip.Maint.Fund Account	-	-	-	-	-	-

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Expenditure Of The Council	-	-	-	-	-	-
Expenditure Section	-	-	-	-	-	-
Financial Manag. Grant	-1 935	-1 250	-1 250	-1 250	-	-
Fire Fighting Service Cl	-	-	-	-	-	-
Human Resources Management	-	-284	-284	-1 233	-334%	-334%
Information Technology	-	-	-	-	-	-
Intergrated Development Plan	-64	-136	-136	-70	49%	49%
Leave Fund Account	-	-	-	-	-	-
Manag. Rural & Social Developm	-	-	-	-	-	-
Manag:Community & Developm. Ser	-	-	-	-	-	-
Managment Econ.Dev. & Planning	-	-	-	-	-	-
Municipal Health Services	-50	-50	-50	-50	0%	0%
Office Of The Deputy Mayor	-	-	-	-	-	-
Office Of The Mayor	-	-	-	-	-	-
Office Of The Mun. Manager	-	-	-	-	-	-
Office Of The Speaker	-	-	-	-	-	-
P O S / Outspans	-	-	-	-	-	-
Paale- Hoof/Afd Direk	-	-	-	-	-	-

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Paale- Hoof/Afd Indirek	-88 163	-129 129	-129 129	-113 288	12%	12%
Paale- Werkswinkel	-	-	-	-	-	-
Paale- Werktuie	-	-	-	-	-	-
Performance Management	-14	-236	-236	-	100%	100%



## CAPE WINELANDS DISTRICT MUNICIPALITY

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REVENUE COLLECTION PERFORMANCE BY VOTE						
Vote Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Projects And Housing	-1 403	-2 032	-2 032	-1 238	39%	39%
Contribution by Private Land Owners	-	-1 381	-1 381	-1 046	24%	24%
Property Management	-	-	-	-	-	-
Public Relations	-	-	-	-	-	-
Public Transport Regulation	-661	-1 495	-1 495	-861	42%	42%
Regional Planning	-	-	-	-	-	-
Risk Management	-	-	-	-	-	-
Roads: Management	-	-	-	-	-	-
Rural Development	-	-	-	-	-	-
Safe House	-	-	-	-	-	-
Sale Of Milk	-	-	-	-	-	-
Shared Service Centre	-	-	-	-	-	-
Soccer 2010	-	-	-	-	-	-
Social Development	-121	-91	-91	-49	46%	46%
Stores	-	-	-	-	-	-
Sundry Expenditure Of Council	-7 870	-6 172	-6 172	-6 172	0%	0%
Task	-	-	-	-	-	-
Technical Support Services	-	-	-	-	-	-

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Tourism	-	-	-	-	-	-
Transport Pool	-	-	-	-	-	-
Treas. Department: Management	-1 521	-3 071	-3 071	-1 362	56%	56%
Work For Water(Dwa)Berg River	-	-	-	-	-	-
Working For Water (Dwa)	-3 231	-4 113	-4 113	-2 036	50%	50%
Working For Water (Haat)	-	-	-	-	-	-
Working For Water (Tcia)	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>-311 081</b>	<b>-361 262</b>	<b>-361 262</b>	<b>-349 748</b>	<b>3%</b>	<b>3%</b>

## APPENDIX G (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-	-	-
Property rates – penalties and collection charges	-	-	-	-	-	-
Service charges – electricity revenue	-	-	-	-	-	-
Service charges – water revenue	-	-	-	-	-	-
Service charges – sanitation revenue	-	-	-	-	-	-
Service charges – refuse revenue	-	-	-	-	-	-
Service charges – other	487	165	165	2 503	-1 417%	-1 417%

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Rental of facilities and equipment	94	127	127	100	21%	21%
Interest earned – external investments	35 342	34 960	34 960	43 014	-25%	-25%
Interest earned – outstanding debtors	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-
Agency services	91 394	133 020	133 020	115 574	-13%	-13%
Transfers recognised – operational	219 637	229 578	229 578	222 733	3%	3%
Other income	3 562	2 492	2 492	2 706	-9%	-9%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>350 516</b>	<b>399 927</b>	<b>399 927</b>	<b>386 633</b>	<b>3%</b>	<b>3%</b>
TK.2						



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

## APPENDIX H – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

CONDITIONAL GRANTS: EXCLUDING MIG					
R' 000					
Details	Budget	Adjustment Budget	Actual	Variance	
				Budget	Adjustment Budget
EPWP incentive	1 000	1 000	1 000	-	-
Financial Management Grant	1 250	1 250	1250	-	-
Provincial Treasury: FMG	2 141	2 141	1 099	49%	49%
Municipal Systems Improvement Grant	930	930	263	72%	72%
CWDM Integrated Transport Plan	1 100	1100	466	58%	58%
Public Transport Infrastructure	-	-	-	-	-
Rural Roads Asset Management System	500	500	4	100%	99%
Transport Safety and Compliance	-	-	-	-	-
Community Development Workers	91	91	49	32%	46%
Non-Motorised Transport Plan	395	395	395	0%	0%
Greenest Municipality Competition	50	50	50	0%	0%
Performance Management Grant	236	236	-	100%	100%
IDP Support Grant	136	136	70	49%	49%
Development of Sport and Recreational Facilities	212	212	-	100%	100%
<b>Total</b>	<b>8 041</b>	<b>8 041</b>	<b>4 646</b>	<b>42%</b>	<b>42%</b>
					TL

## APPENDIX I – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME							
R '000							
Description	2014/2015	2015/2016			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2016/2017	2017/2018	2018/2019
<b>Capital expenditure by Asset Class</b>							
Infrastructure – Total	-	-	-	-	795	150	80
Infrastructure: Road Transport – Total	-	100	100	203	670	75	80
Roads, pavements and bridges	-	100	100	79	670	75	80
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity – Total	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-
Transmission and reticulation	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-
Infrastructure: Water – Total	-	-	-	-	95	75	-
Dams and reservoirs	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-
Reticulation	-	-	-	-	95	75	-
Sewerage purification	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-
Infrastructure: Other – Total	-	127	127	124	-	-	-
Infrastructure: Sanitation – Total	-	-	-	-	30	-	-
CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME							
R '000							
Description	2014/2015	2015/2016			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2016/2017	2017/2018	2018/2019
Waste management	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Community – Total	41	395	395	106	407	250	-
Parks and gardens	-	-	-	-	-	-	-
Sports fields and stadiums	-	-	-	-	-	-	-

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

Swimming pools	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-
Fire, safety and emergency	41	395	395	106	407	250	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums and art galleries	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-



CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME							
R '000							
Description	2014/2015	2015/2016			Planned Capital Expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2016/2017	2017/2018	2018/2019
<b>Capital expenditure by Asset Class</b>							
Heritage assets – Total	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Other assets - total</b>	<b>4 429</b>	<b>10 011</b>	<b>10 011</b>	<b>4 071</b>	<b>16 970</b>	<b>5 745</b>	<b>8 326</b>
General vehicles	418	500	500	466	1 295	-	400
Specialised vehicles	0	3 744	3 744	-	4 600	-	5 000
Plant and equipment	3 190	3 251	3 251	2 189	8 412	4 039	2 309
Computers – hardware/equipment	-	-	-	-	-	-	-
Furniture and other office equipment	562	847	847	488	1 375	926	451
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-
Surplus assets – (investment or inventory)	-	-	-	-	-	-	-
Other	258	1 669	1 669	928	1 288	780	165

## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME							
R '000							
Description	2014/2015	2015/2016			Planned Capital Expenditure		
	Actual	Original Budget	Adjusted Budget	Actual Expenditure	2016/2017	2017/2018	2018/2019
<b>Agricultural assets</b>							
List sub-class	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-

List sub-class	-	-	-	-	-	-	-
Intangibles	426	384	384	378	323	20	21
Computers – software and programming	426	384	384	378	323	20	21
<b>Other (list sub-class)</b>							
Total Capital Expenditure on new assets	4 896	11 017	11 017	4 758	18 494	6 165	8 427
Specialised vehicles	-	3 744	3 744	-	4 600	-	5 000
Refuse	-	-	-	-	-	-	-
Fire	-	3 744	3 744	-	4 600	-	5 000
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-
Note: Information for this table may be sourced from MBRR (2009: Table SA34a) TM1							

APPENDIX J – CAPITAL PROGRAMME BY PROJECT 2015/2016

CAPITAL PROGRAMME BY PROJECT: 2015/2016					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
"Project C"	-	-	-	-	-
<b>Sanitation/Sewerage</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Electricity</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Housing</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Refuse Removal</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Storm Water</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Economic Development</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Sports, Arts and Culture -</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Environment</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Health</b>					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-
<b>Safety and Security</b>					
"Project A"	-	-	-	-	-



## CAPE WINELANDS DISTRICT MUNICIPALITY

## 2015/2016 ANNUAL REPORT

CAPITAL PROGRAMME BY PROJECT: 2015/2016					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
"Project B"	-	-	-	-	-
ICT and Other					
"Project A"	-	-	-	-	-
"Project B"	-	-	-	-	-

## APPENDIX K – PROJECT PERFORMANCE 2015/2016

CWDM SO	CWDM POO	Project Number	National KPI	Project Name	Vote Number	Adjusted Budget	Expenditure to Date	Unit of Measurement	Baseline	2014/2015 Annual Target	2014/2015 Annual Actual	2015/2016 Annual Target	2015/2016 Annual Actual	2016/2016 Annual Target	2016/2016 Annual Actual	2016/2016 Annual Target	2016/2016 Annual Actual	2016/2016 Annual Target	2016/2016 Annual Actual
SO1 To create an environment and forge partnerships that ensures the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environmental and social infrastructure investment																			
1	1.1	1.1	1	Subsidies - Water & Sanitation	114415210	R 1 824 750,00	R 1 352 977,00	Number of farms serviced and educationalists	40	50	63	64	77	64	77	64	77	64	77
1	1.1	1.2	1	Environmental Health Education	114415219	R 390 300,00	R 373 440,00	Number of theater performances	100	80	80	80	80	80	80	80	80	80	80
1	1.1	1.3	1	Greening Project	114415180	R 295 800,00	R 295 088,00	Number of trees planted	1500	2 085	1 989	2 000	2 235	2 000	2 235	2 000	2 235	2 000	2 235
1	1.2	1.4	5	Disaster Risk Assessment	118100448	R 250 000,00	R 121 681,00	Number of community-based risk assessments	10	10	12	10	10	10	10	10	10	10	10
1	1.4	1.5	5	River Rehabilitation (EPWP)	115214001	R 560 500,00	R 521 313,00	Heclares cleared	50	50	400	70	231.83	70	231.83	70	231.83	70	231.83
1	1.4	1.6	3	Entrepreneurial Seed Funding	110045037	R 500 000,00	R 396 123,00	Number of SMEs supported	54	52	52	20	20	20	20	20	20	20	20
1	1.4	1.7	3	Business Retention Expansion Programme	110045511	R 700 000,00	R 700 000,00	Number of action plans for tourism sector	6	6	7	11	20	11	20	11	20	11	20
1	1.4	1.8	3	Investment Attraction Programme	110041079	R 400 000,00	R 353 200,00	Number of projects implemented	1	1	1	1	1	1	1	1	1	1	1
1	1.4	1.9	3	Small Farmers Support Programme	110045040	R 500 000,00	R 438 634,00	Number of small farmers supported	15	7	7	11	11	11	11	11	11	11	11
1	1.4	1.10	3	SME Training and Mentorship	110045514	R 485 000,00	R 454 200,00	Number of processes implemented	12	12	12	8	8	8	8	8	8	8	8
1	1.4	1.11	3	Tourism Month	111035307	R 100 000,00	R 100 000,00	Tourism month activities	2	2	3	2	2	2	2	2	2	2	2
1	1.4	1.12	3	Tourism Business Training	111035306	R 356 500,00	R 346 921,00	Number of training and mentoring sessions	8	8	9	5	4	5	4	5	4	5	4
1	1.4	1.13	3	Tourism Educational	111035311	R 103 000,00	R 57 240,00	Number of educationalists	7	7	8	7	5	7	5	7	5	7	5
1	1.4	1.14	3	LTA Projects	111035412	R 150 000,00	R 140 000,00	Number of LTA's participating	15	15	15	15	15	15	15	15	15	15	15
1	1.4	1.15	3	Tourism Events	111035441	R 500 000,00	R 480 000,00	Number of tourism events	29	27	29	25	22	25	22	25	22	25	22
1	1.4	1.16	3	Sport Tourism Winter Campaign	111035430	R 53 000,00	R 50 442,00	Campaign implemented	1	1	1	1	1	1	1	1	1	1	1

CHDM SO	OWDM PDO	Project Number	National KPI	Project Name	Vote Number	Adjusted Budget	Expenditure to Date	Unit of Measurement	Baseline	2014/2015 Annual Target	2014/2015 Annual Actual	2015/2016 Annual Target	2015/2016 Annual Actual	2015/2016 Comment
SO1 To create an environment and forge partnerships that ensure the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Wine Lands District through economic, environmental and social infrastructure investment														
1	1.4	1.1	3	EPWP Invasive Alien vegetation management programme	115215140	R 1 030 000,00	\$ 999 963,00	Number of hectares cleared	600	300	795	300	734,95	Annual Target Achieved
1	1.5	1.5	1	HM/AIDS Programme	114755203	R 250 000,00	R 249 205,00	Number of HM/AIDS	5	20	47	10	11	Annual Target Achieved
1	1.5	1.1	1	EPWP Artisan Skills Development (Youth and Women)	114750551	R 800 000,00	R 798 960,00	Number of skills development initiatives implemented	3	3	4	3	4	Annual Target Achieved
1	1.5	1.1	1	Elderly	114751115	R 500 000,00	R 499 981,00	Number of Active Age programs implemented	5	5	10	5	7	Annual Target Achieved
1	1.5	1.1	1	Disabled	114771116	R 558 500,00	R 509 442,00	Number of interventions focusing on improving the mobility of people with disability	3	2	3	2	3	Annual Target Achieved
1	1.5	1.1	1	Community Support Programme	114751018	R 700 000,00	R 685 523,00	Number of interventions implemented which focus on the rights of people with disabilities	100	52	52	50	60	Annual Target Achieved
1	1.5	1.1	1	Families and Children (Substance Abuse)	114751118	R 1 410 000,00	R 1 409 963,00	Service Level Agreements signed with community based organisations	5	30	22	35	37	Annual Target Achieved
1	1.5	1.1	1	Sport, Recreation and Culture Programmes	114771134	R 2 629 700,00	R 2 629 693,00	Programs and support for vulnerable children	65	65	54	62	52	Annual Target Achieved
1	1.5	1.1	1	Youth	114751113	R 500 000,00	R 495 069,00	Number of youth development programs	New KPI	New KPI	New KPI	5	6	Annual Target Achieved
1	1.5	1.1	1	Women	114751125	R 250 000,00	R 249 048,00	Number of new awareness programs	New KPI	New KPI	New KPI	5	6	Annual Target Achieved



S02 Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities.

2	2.1	1.z	3	Clearing Road Reserves	113305094	R 1 300 000,00	R 1 192 730,00	Kilometres of road reserve cleared	600	643	582,59	600	625,31	Annual Target Achieved
2	2.2	1.aa	3	Upgrading infrastructure at various Schools	116155017	R 2 780 000,00	R 2 224 634,00	Number of sidewalk/sidewalkway projects completed	2	1	2	2	2	Annual Target Achieved
2	2.1	1.bb	3	Road Safety Education	116155018	R 1 231 500,00	R 1 209 171,00	Number of Road Safety Education programs	1	1	1	1	1	Annual Target Achieved
2	2.2	1.dd	3	Provision of Water to Schools	113305155	R 700 000,00	R 627 901,00	Number of schools	0	4	4	4	13	Annual Target Achieved
2	2.4	1.ee	3	Renewable Infrastructure - Rural Areas	113305101	R 1 300 000,00	R 1 199 474,00	Number of solar systems supply to farmers	425	425	273	319	284	284 units supplied, dependent on land owners to collect
					113305102	1,000,000,00	R 257 339,00							
2	2.4	1.ff	3	Upgrading of Sport Facilities	113309195	R 2 770 000,00	R 2 170 814,00	Number of sports facilities upgraded	0	8	6	9	9	Annual Target Achieved
2	2.4	1.ff.1	3	Upgrading entrances to towns (Fencing)	113305157	R 500 000,00	R 455 625,00	Metres fenced	New KPI	New KPI	New KPI	200	328	Annual Target Achieved
2	2.3	1.hh	3	Sidewalks	116155179	R 4 365 000,00	R 3 555 164,00	Number of sidewalk/sidewalkway projects completed	0	2	2	2	2	Annual Target Achieved

CHAPTER 7: ANNUAL FINANCIAL STATEMENTS





CAPE WINELANDS DISTRICT  
MUNICIPALITY • MUNISIPALITEIT • UKASIPALA

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# ANNUAL FINANCIAL STATEMENTS 2015/2016

financial challenges we encountered, I am proud to confirm that the Cape Winelands District Municipality is financially sound and sustainable, thanks to the financial stewardship of this Council and the administration.

**ATING BUDGET PER  
EGIC OBJECTIVE  
17**

MENT AND PLANNING  
RASTRUCTURE  
OPMENTAL SERVICE  
LOPMENT

MAN-

Operating Expenditure  
Projects  
Capital Expenditure  
**TOTAL BUDGET**

## Summary of MTRE

pos/E-mail/E-mail: admin@capewinelands.gov.za | Faks/Fax:

	2016/2017	2017/2018	
Operating Expenditure	356 595 000,00	361 534 000,00	37
Projects	32 885 090,00	33 799 000,00	33
Capital Expenditure	18 494 360,00	6 164 800,00	8
<b>TOTAL BUDGET</b>	<b>407 974 450,00</b>	<b>401 497 800,00</b>	<b>412</b>

OFFICE OF MUNICIPAL  
MANAGER  
3%

FINANCIAL  
SERVICES  
6%

REGIONAL DEVELOPMENT  
AND PLANNING  
5%

CORPORATE  
SERVICES  
14%

## Vision

A unified Cape Winelands of Excellence!

## Mission

All structures of the Cape Winelands co-operate together towards effective, efficient and economically sustainable development.



**General Information**

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**Legal form of entity**

Municipality (MFMA)

**Nature of business and principal activities**

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

**Mayoral committee**

Ald. C.A DE BRUYN (Executive Mayor)  
 Cllr. C. MEYER (Speaker)  
 Cllr. H.M JANSEN (Deputy Executive Mayor)  
 Cllr. R.B ARNOLDS  
 Cllr. G.J CARINUS  
 Cllr. J.J DU PLEISIS  
 Ald. (Dr.) N.E. KAHLBERG  
 Cllr. X.L. MDEMKA  
 Cllr. J.R.F TORR  
 Cllr. H. VON SCHLICHT

**Other Councillors**

Cllr. J.J. ABRAHAMS  
 Cllr. M.B. APPOLIS (terminated 08/07/2015)  
 Cllr. M.N. BUSHWANA  
 Cllr. C.C. BRINK  
 Cllr. W.L. CHAABAN  
 Cllr. A. CROMBIE  
 Cllr. J.B. CRONJE  
 Cllr. C. DAMENS  
 Cllr. Z.L. GWADA  
 Cllr. N.D. HANI  
 Cllr. D.A. HENDRICKSE  
 Cllr. D.B. JANSE  
 Cllr. X. KALIPA

## **Cape Winelands District Municipality**

Financial Statements for the year ended 30 June 2016

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### **General Information**

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	Cllr. B.J. KRIEGLER Cllr. P. MARRAN Cllr. J. MATTHEE Cllr. C. MCAKO (resigned 29/06/2016) Cllr. J.S. MOUTON Cllr. J.K. HENDRIKS Cllr. L.W. NIEHAUS Cllr. S.W. NYAMANA Cllr. S. ROSS Cllr. L.N. SIKWAMISA Cllr. G. STALMEESTER Cllr. M.S. TAYITAYI Cllr. J.D.F. VAN ZYL Cllr. M.H. YABO Cllr. A.F. AFRICA Cllr. D. SWART Cllr. CC VAN DER WESTHUIZEN (appointed 01/10/2015) Cllr. E.S.C. MATJAN
<b>Grading of local authority</b>	GRADE 4 Medium Capacity
<b>Accounting Officer</b>	M. MGAJO
<b>Chief Finance Officer (CFO)</b>	F.A. DU RAAN- GROENEWALD
<b>Registered office</b>	46 ALEXANDER STREET STELLENBOSCH 7600
<b>Postal address</b>	P.O.BOX 100 STELLENBOSCH 7599
<b>Telephone</b>	0861 265 263
<b>Bankers</b>	AMALGAMATED BANKS OF SOUTH AFRICA (ABSA)
<b>Auditors</b>	AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

## **Index**

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The reports and statements set out below comprise of the financial statements presented to the council:

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### **Abbreviations**

CWDM	Cape Winelands District Municipality
CRR	Capital Replacement Reserve
MSA	Municipal Systems Act
MPAC	Municipal Public Accounts Committee
GRAP	Standards Generally Recognised Accounting Practice
FMG	Financial Management Grant
DEA	Department of Environmental Affairs
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
WCA	Workmen's Compensation
PRMA	Post Retirement Medical Aid
MFMA	Municipal Finance Management Act
ED	Executive director



## **Accounting Officer's Responsibilities and Approval**

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the municipality's internal auditors.

The financial statements set out on pages 5 to 87, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:



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Accounting Officer  
M. Ngale

**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2016

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**Statement of Financial Position as at 30 June 2016**

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	569 983 713	504 118 478
Other receivables from exchange transactions	4	14 413 520	12 288 230
Trade receivables from exchange transactions	5	2 347 233	-
Inventories	6	2 218 748	3 990 519
VAT receivable	7	4 383 748	1 371 244
Employee benefit - Long term receivable	14	1 814 448	1 913 484
		<u>595 161 410</u>	<u>523 681 955</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	198 720 689	206 874 459
Intangible assets	9	1 353 018	1 237 920
Employee benefit - Long term receivable	14	27 605 735	35 024 453
		<u>227 679 442</u>	<u>243 136 832</u>
<b>Total Assets</b>		<u>822 840 852</u>	<u>766 818 787</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	10	-	9 237
Finance lease obligation	11	9 528	38 245
Unspent conditional grants	12	6 639 718	4 373 296
Trade payables from exchange transactions	13	13 741 582	6 492 024
Employee benefits	14	23 956 057	22 892 234
		<u>44 346 885</u>	<u>33 805 036</u>
<b>Non-Current Liabilities</b>			
Operating lease liability	10	17 382	-
Finance lease obligation	11	4 617	1 743
Employee benefits	14	149 704 695	150 025 502
		<u>149 726 694</u>	<u>150 027 245</u>
<b>Total Liabilities</b>		<u>194 073 579</u>	<u>183 832 281</u>
<b>Net Assets</b>		<u>628 767 273</u>	<u>582 986 506</u>
<b>Reserves</b>			
Revaluation reserve	15	102 738 552	105 851 298
Accumulated surplus	16	526 028 721	477 135 208
<b>Total Net Assets</b>		<u>628 767 273</u>	<u>582 986 506</u>

\* See Note 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	2 503 212	487 398
Rental of facilities and equipment	18	100 401	93 655
Agency services	19	115 573 927	91 394 268
Other income	20	1 657 724	1 674 894
Interest received - investment	21	43 013 756	35 341 507
<b>Total revenue from exchange transactions</b>		<b>162 849 020</b>	<b>128 991 722</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	22	222 732 833	219 636 900
Public contributions and donations	23	1 046 188	1 887 264
Fines, Penalties and Forfeits		5 000	-
<b>Total revenue from non-exchange transactions</b>		<b>223 784 121</b>	<b>221 524 164</b>
<b>Total revenue</b>		<b>386 633 141</b>	<b>350 515 886</b>
<b>Expenditure</b>			
Employee related costs	24	155 554 463	155 152 504
Remuneration of councillors	25	10 779 172	10 206 846
Depreciation and amortisation	26	9 885 765	8 654 202
Finance costs	27	2 220	7 837
Lease rentals on operating lease		359 446	306 781
Debt Impairment	28	239 609	510 100
Repairs and maintenance	29	65 511 956	43 211 232
General expenses	30	95 302 900	92 351 785
<b>Total expenditure</b>		<b>(337 635 531)</b>	<b>(310 401 287)</b>
<b>Operating surplus</b>		<b>48 997 610</b>	<b>40 114 599</b>
Loss on disposal of assets and liabilities		(2 912 445)	(1 130 729)
Loss on foreign exchange	35	-	(98)
Inventories losses/write-downs		(304 396)	(106 956)
		<b>(3 216 841)</b>	<b>(1 237 783)</b>
<b>Surplus for the year</b>		<b>45 780 769</b>	<b>38 876 816</b>

\* See Note 32



**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2016

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**Statement of Changes in Net Assets**

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	96 194 039	436 253 410	532 447 449
Adjustments			
Prior year adjustments	147 351	(500 243)	(352 892)
<b>Balance at 01 July 2014 as restated*</b>	<b>96 341 390</b>	<b>435 753 167</b>	<b>532 094 557</b>
Changes in net assets			
Restated surplus for the year	-	38 876 816	38 876 816
Transfer to accumulated surplus	(2 505 225)	2 505 225	-
Additions to revaluation reserve	12 015 133	-	12 015 133
Total changes	9 509 908	41 382 041	50 891 949
<b>Restated* Balance at 01 July 2015</b>	<b>105 851 298</b>	<b>477 135 206</b>	<b>582 986 504</b>
Changes in net assets			
Surplus for the year	-	45 780 769	45 780 769
Transfer to accumulated surplus	(2 512 376)	2 512 376	-
Transfer to Drakenstein municipality	(600 370)	600 370	-
Total changes	(3 112 746)	48 893 515	45 780 769
<b>Balance at 30 June 2016</b>	<b>102 738 552</b>	<b>526 028 721</b>	<b>628 767 273</b>
Note(s)	15	16	

\* See Note 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		114 250 970	92 571 098
Grants and transfer payments		223 779 120	221 524 164
Finance income		40 537 518	32 367 928
		<u>378 567 608</u>	<u>346 463 190</u>
<b>Payments</b>			
Employee costs		(154 821 853)	(148 204 943)
Suppliers		(142 329 040)	(136 339 753)
Other payments: Remuneration to Councillors		(10 779 172)	(10 206 846)
		<u>(307 930 065)</u>	<u>(294 751 542)</u>
<b>Net cash flows from operating activities</b>	33	<u>70 637 543</u>	<u>51 711 648</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(4 380 259)	(4 469 618)
Proceeds from sale of property, plant and equipment	8	13 706	284 418
Purchase of other intangible assets	9	(377 692)	(425 992)
<b>Net cash flows from investing activities</b>		<u>(4 744 245)</u>	<u>(4 611 192)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		(28 063)	(106 033)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>65 865 235</u>	<u>46 994 423</u>
Cash and cash equivalents at the beginning of the year		504 118 478	457 124 055
<b>Cash and cash equivalents at the end of the year</b>	3	<u>569 983 713</u>	<u>504 118 478</u>

\* See Note 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	164 800	-	164 800	2 503 212	2 338 412	Note 46
Rental of facilities and equipment	127 010	-	127 010	100 401	(26 609)	Note 46
Agency services	133 020 350	-	133 020 350	115 573 927	(17 446 423)	Note 46
Other income	1 492 610	-	1 492 610	1 657 724	165 114	Note 46
Interest received - investment	34 544 900	-	34 544 900	43 013 756	8 468 856	Note 46
<b>Total revenue from exchange transactions</b>	<b>169 349 670</b>	<b>-</b>	<b>169 349 670</b>	<b>162 849 020</b>	<b>(6 500 650)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	229 175 040	-	229 175 040	222 732 933	(6 442 107)	Note 46
Public contributions and donations	1 402 752	-	1 402 752	1 046 188	(356 564)	Note 46
Fines, Penalties and Forfeits	-	-	-	5 000	5 000	Note 46
<b>Total revenue from non-exchange transactions</b>	<b>230 577 792</b>	<b>-</b>	<b>230 577 792</b>	<b>223 784 121</b>	<b>(6 793 671)</b>	
<b>Total revenue</b>	<b>399 927 462</b>	<b>-</b>	<b>399 927 462</b>	<b>386 633 141</b>	<b>(13 294 321)</b>	
<b>Expenditure</b>						
Employee related costs	188 413 736	-	188 413 736	155 554 463	(32 859 273)	Note 46
Remuneration of councillors	11 853 220	-	11 853 220	10 779 172	(1 074 048)	Note 46
Depreciation and amortisation	9 700 550	395 610	10 096 160	9 885 765	(210 395)	Note 46
Finance costs	28 590	-	28 590	2 220	(26 370)	Note 46
Lease rentals on operating lease	471 480	-	471 480	359 446	(112 034)	Note 46
Debt impairment	125 800	114 000	239 800	239 609	(191)	Note 46
Repairs and maintenance	63 085 780	-	63 085 780	65 511 956	2 426 176	Note 46
General expenses	125 918 446	(3 412 150)	122 506 296	95 302 900	(27 203 396)	Note 46
<b>Total expenditure</b>	<b>(399 597 602)</b>	<b>2 902 540</b>	<b>(396 695 062)</b>	<b>(337 635 531)</b>	<b>59 059 531</b>	
<b>Operating surplus</b>	<b>329 860</b>	<b>2 902 540</b>	<b>3 232 400</b>	<b>48 997 610</b>	<b>45 765 210</b>	
Loss on disposal of assets and liabilities	(209 860)	(2 716 540)	(2 926 400)	(2 912 445)	13 955	Note 46
Inventories losses/write-downs	(120 000)	(186 000)	(306 000)	(304 396)	1 604	Note 46
	<b>(329 860)</b>	<b>(2 902 540)</b>	<b>(3 232 400)</b>	<b>(3 216 841)</b>	<b>15 559</b>	
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 780 769</b>	<b>45 780 769</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 780 769</b>	<b>45 780 769</b>	



**Cape Winelands District Municipality**  
Financial Statements for the year ended 30 June 2016

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**Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

**Statement of Financial Position**

**Assets**

**Current Assets**

Cash and cash equivalents	504 118 477	-	504 118 477	569 983 713	65 865 236	Note 46
Other receivables from exchange transactions	14 000 000	-	14 000 000	14 413 520	413 520	Note 46
Receivables from exchange transactions	-	-	-	2 347 233	2 347 233	Note 46
Inventories	4 000 000	-	4 000 000	2 218 748	(1 781 252)	Note 46
VAT receivable	-	-	-	4 383 748	4 383 748	Note 46
Employee benefit - Long term receivable	1 913 484	-	1 913 484	1 814 448	(99 036)	Note 46
	524 031 961	-	524 031 961	595 161 410	71 129 449	

**Non-Current Assets**

Property, plant and equipment	204 127 026	-	204 127 026	198 720 689	(5 406 337)	Note 46
Intangible assets	1 240 575	-	1 240 575	1 353 018	112 443	Note 46
Employee benefit - Long term receivable	35 024 453	-	35 024 453	27 605 735	(7 418 718)	Note 46
	240 392 054	-	240 392 054	227 679 442	(12 712 612)	

**Total Assets**

	764 424 015	-	764 424 015	822 840 852	58 416 837	
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**Liabilities**

**Current Liabilities**

Finance lease obligation	-	-	-	9 528	9 528	Note 46
Unspent conditional grants	4 000 000	-	4 000 000	6 639 718	2 639 718	Note 46
Trade payables from exchange transactions	7 000 000	-	7 000 000	13 741 581	6 741 581	Note 46
Employee benefits	21 000 000	-	21 000 000	23 956 057	2 956 057	Note 46
	32 000 000	-	32 000 000	44 346 884	12 346 884	

**Non-Current Liabilities**

Operating lease liability	-	-	-	17 382	17 382	Note 46
Finance lease obligation	150 000	-	150 000	4 617	(145 383)	Note 46
Employee benefits	150 025 501	-	150 025 501	149 704 695	(320 806)	Note 46
	150 175 501	-	150 175 501	149 726 694	(448 807)	

**Total Liabilities**

	182 175 501	-	182 175 501	194 073 678	11 898 077	
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**Net Assets**

	582 248 514	-	582 248 514	628 767 274	46 518 760	
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**Net Assets**

**Net Assets Attributable to Owners of Controlling Entity**

**Reserves**

Revaluation reserve	181 288 673	-	181 288 673	102 738 552	(78 550 121)	Note 46
Accumulated surplus	400 959 841	-	400 959 841	526 028 722	125 068 881	Note 46
<b>Total Net Assets</b>	<b>582 248 514</b>	<b>-</b>	<b>582 248 514</b>	<b>628 767 274</b>	<b>46 518 760</b>	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	136 504 770	-	136 504 770	114 250 970	(22 253 800)	Note 46
Grants	230 184 748	-	230 184 748	223 779 120	(6 405 628)	Note 46
Interest income	34 960 000	-	34 960 000	40 537 518	5 577 518	Note 46
	401 649 518	-	401 649 518	378 567 608	(23 081 910)	
<b>Payments</b>						
Employee costs	(188 413 736)	-	(188 413 736)	(154 821 853)	33 591 883	Note 46
Suppliers	(179 975 342)	-	(179 975 342)	(142 329 041)	37 646 301	Note 46
Other cash item	(11 853 220)	-	(11 853 220)	(10 779 172)	1 074 048	Note 46
	(380 242 298)	-	(380 242 298)	(307 930 066)	72 312 232	
<b>Net cash flows from operating activities</b>	<b>21 407 220</b>	<b>-</b>	<b>21 407 220</b>	<b>70 637 542</b>	<b>49 230 322</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(11 016 887)	-	(11 016 887)	(4 380 257)	6 636 630	Note 46
Proceeds from sale of property, plant and equipment	-	-	-	13 706	13 706	Note 46
Purchase of other intangible assets	-	-	-	(377 692)	(377 692)	Note 46
<b>Net cash flows from investing activities</b>	<b>(11 016 887)</b>	<b>-</b>	<b>(11 016 887)</b>	<b>(4 744 243)</b>	<b>6 272 644</b>	
<b>Cash flows from financing activities</b>						
Finance lease payment	(28 590)	-	(28 590)	(28 063)	527	Note 46
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10 390 333</b>	<b>-</b>	<b>10 390 333</b>	<b>65 865 235</b>	<b>55 502 966</b>	<b>Note 46</b>
Cash and cash equivalents at the beginning of the year	472 095 753	-	472 095 753	504 118 478	32 022 725	Note 46
<b>Cash and cash equivalents at the end of the year</b>	<b>482 486 086</b>	<b>-</b>	<b>482 486 086</b>	<b>569 983 713</b>	<b>87 525 691</b>	

## **Accounting Policies**

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### **1. Presentation of Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures has been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Receivables**

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

##### **Impairment testing**

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

##### **Value in use of cash generating assets:**

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

##### **Value in use of non-cash generating assets:**

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

##### **Useful lives of property, plant and equipment and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.



## **Accounting Policies**

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### **1.1 Significant judgements and sources of estimation uncertainty (continued)**

#### **Post-retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

#### **Effective interest rate**

The municipality used the prime lending rate to discount future cash flows.

#### **Allowance for impairment**

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### **1.2 Reserves**

#### **Internal ring fenced reserves**

##### **Capital replacement reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.

##### **Government grant reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued (budget circular) by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

## **Accounting Policies**

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### **1.2 Reserves (continued)**

#### **Accumulated Surplus**

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

#### **1.3 Revaluation reserve**

The revaluation reserve arises from the revaluation of land and buildings in accordance with revaluation model in GRAP 17. The revaluation surplus relating to buildings is realised through use of the building by the Municipality. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the buildings and depreciation based on the building's original cost.

The revaluation surplus relating to land is realised upon disposal and subsequently transferred to the accumulated surplus. Transfers from revaluation surplus to accumulated surplus are not made through surplus or deficit.

#### **1.4 Cash and cash equivalents**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

#### **1.5 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Land and buildings - at the revalued amount, being the fair value at the date of the revaluation, less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity (three years) such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

When an item of property, plant and equipment is revalued, any accumulated depreciation as at the date of the revaluation is restated proportionately with the change in gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

#### Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Estimated useful life
Land	Straight line	Indefinite
Buildings	Straight line	50-60
Infrastructure	Straight line	15-50
Furniture and fittings	Straight line	5-24
Motor vehicles	Straight line	5-27
Office equipment	Straight line	2-20
Plant and equipment	Straight line	2-28
Other property, plant and equipment	Straight line	2-50
Leased assets	Straight line	2

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.



## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3-10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meets the definition of Property, Plant and Equipment.

## Accounting Policies

### 1.7 Heritage assets (continued)

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.5

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

### 1.8 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

### 1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

## **Accounting Policies**

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### **1.9 Financial Instruments (continued)**

#### **Initial measurement of financial assets and financial liabilities**

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Subsequent measurement of financial assets and financial liabilities**

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

#### **Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

#### **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.



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**Accounting Policies**

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**1.9 Financial instruments (continued)****Impairment and uncollectibility of financial assets**

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

**Financial assets measured at amortised cost**

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

**Derecognition****Financial assets**

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

**Financial liabilities**

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

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**Accounting Policies**

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**1.10 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

**1.11 Inventories**

Inventories consist of unsold properties and consumables.

**Initial measurement**

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

**Subsequent measurement**

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

**Derecognition**

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

## **Accounting Policies**

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### **1.11 Inventories (continued)**

When other inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.12 Grants in Aid**

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

### **1.13 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### **1.14 Budget information**

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2015-07-01 to 2016-06-30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10% and R10 000.

### **1.15 Related parties**

Key management and councillors as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.



## **Accounting Policies**

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### **1.16 Value added Tax (VAT)**

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

### **1.17 Impairment of cash-generating assets**

Cash-generating assets are those assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

#### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

## **Accounting Policies**

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### **1.17 Impairment of cash-generating assets (continued)**

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

### **Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### **1.18 Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

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### 1.18 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an Impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



## Accounting Policies

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### 1.19 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

### 1.20 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.21 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

## **Accounting Policies**

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### **1.21 Revenue from exchange transactions (continued)**

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

#### **Interest**

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

### **1.22 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## **Accounting Policies**

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### **1.22 Revenue from non-exchange transactions (continued)**

#### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### **Transfers**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### **Services in-kind**

Services in-kind are not recognised.

### **1.23 Borrowing costs**

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.24 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 31 for detail.

### **1.25 Unauthorised expenditure**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.26 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.



## Accounting Policies

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### 1.26 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.28 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

## **Accounting Policies**

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### **1.28 Employee benefits (continued)**

#### **Long term receivable**

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

#### **Multi-employer plans**

The municipality classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

#### **Post-employment benefits: Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

## Accounting Policies

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### 1.28 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).



## **Accounting Policies**

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### **1.28 Employee benefits (continued)**

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### **Other long-term employee benefits**

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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## Notes to the Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 2.2 Standards and interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

#### 2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

#### GRAP 15: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions in the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

## Notes to the Financial Statements

### 2. New standards and interpretations (continued)

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

### GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.



## **Notes to the Financial Statements**

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### **2. New standards and interpretations (continued)**

#### **GRAP 17 (as amended 2015): Property, Plant and Equipment**

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

#### **GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

#### **GRAP 21 (as amended 2015): Impairment of non-cash-generating assets**

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

## **Notes to the Financial Statements**

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### **2. New standards and interpretations (continued)**

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The municipality expects to adopt the standard for the first time in the 2018 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 26 (as amended 2015): Impairment of cash-generating assets**

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

## **Cape Winelands District Municipality**

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### **Notes to the Financial Statements**

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#### **2. New standards and Interpretations (continued)**

The effective date of the standard is for years beginning on or after 01 April 2017.

The municipality expects to adopt the standard for the first time in the 2018 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.



## Notes to the Financial Statements

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### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	13 980 613	18 115 378
Short-term investments	556 000 000	486 000 000
	<u>569 983 713</u>	<u>504 118 478</u>

Included in the balance of cash and cash equivalents is an amount of R 6 441 418 relating to the portion recovered from the Provincial Government Western Cape in respect of the future medical aid liability of the roads staff.

No cash and cash equivalents has been pledged as security.

#### Short-term investments

##### ABSA - Investment

Opening balance	96 000 000	88 000 000
Movements for the year	10 000 000	8 000 000
	<u>106 000 000</u>	<u>96 000 000</u>

##### FNB - Investment

Opening balance	80 000 000	83 000 000
Movement for the year	15 000 000	(3 000 000)
	<u>95 000 000</u>	<u>80 000 000</u>

##### INVESTEC - Investment

Opening balance	103 000 000	98 000 000
Movement for the year	12 000 000	5 000 000
	<u>115 000 000</u>	<u>103 000 000</u>

##### NEDCOR - Investment

Opening balance	113 000 000	100 000 000
Movement for the year	13 000 000	13 000 000
	<u>126 000 000</u>	<u>113 000 000</u>

##### STANDARD BANK - Investment

Opening balance	94 000 000	73 000 000
Movement for the year	20 000 000	21 000 000
	<u>114 000 000</u>	<u>94 000 000</u>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Primary bank account	3 503 077	609 178	896 401	3 503 077	609 178	1 006 890
ABSA BANK - Depositor plus account	10 477 536	17 506 199	14 297 950	-	-	-
<b>Total</b>	<u>13 980 613</u>	<u>18 115 377</u>	<u>15 194 351</u>	<u>3 503 077</u>	<u>609 178</u>	<u>1 006 890</u>

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the annual financial statements approximates their fair values.

# Cape Winelands District Municipality

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### 4. Other receivables from exchange transactions

Accrued interest	11 094 512	8 613 274
Bursary repayments employees	-	112 624
LG Seta debtor	435 000	435 000
Councillors	27 098	21 674
Deposits	461 738	471 738
Insurance claims	89 399	42 022
Klasvoogs land owners association	-	7 500
Municipal health debtor	17 877	73 440
Other	19 143	5 310
Post retirement medical aid	240 532	235 078
Prepayments	2 500 525	2 664 755
Rental	11 090	6 194
Road sign debtor	2 756	6 449
Sandhills toilet hire	-	92 127
Allowance for impairment	(486 150)	(498 955)
	<b>14 413 520</b>	<b>12 288 230</b>

### Other receivables pledged as security

No other receivables were pledged as security.

### Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults.

### Other receivables from exchange transactions

<b>Gross balances</b>		
Other receivables	14 899 670	12 787 185
<b>Less: Allowance for impairment</b>		
Other receivables	(486 150)	(498 954)
<b>Net balance</b>		
Other receivables	14 413 520	12 288 230
Prepayments	(2 500 525)	(2 664 755)
	<b>11 912 995</b>	<b>9 623 475</b>
<b>Other receivables from exchange transactions</b>		
Current (0-30 days)	11 741 190	9 499 425
31 - 60 days	8 589	69 427
61-90 days	25 146	19 581
91 - 120 days	2 264	1 598
121 - 365 days	135 805	33 444
	<b>11 912 994</b>	<b>9 623 475</b>

Prepayments of R2 500 525 (2015: R2 664 755) was not included in the ageing, as the future economic benefits relates to the receipt of goods or services.

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### 4. Other receivables from exchange transactions (continued)

#### Other receivables past due but not impaired

Management regards other receivables from exchange transactions for outstanding amounts of more than 30 days past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As of 30 June 2016 other receivables of R 171 804 (2015: R124 049) were past due but not impaired.

No other receivables were pledged as security.

#### Reconciliation of provision for impairment of other receivables from exchange transaction

Opening balance	(498 957)	(469 610)
Contribution to allowance	(849)	(39 857)
Debt impairment written off against allowance	7 697	10 510
Unused amounts reversed	5 959	-
	<u>(486 150)</u>	<u>(498 957)</u>

### 5. Trade Receivables from exchange transactions

#### Gross balances

Fire Fighting	2 634 984	-
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#### Less: Allowance for impairment

Fire Fighting	(287 751)	-
---------------	-----------	---

#### Net balance

Fire Fighting	2 347 233	-
---------------	-----------	---

#### Fire fighting

Current (0 -30 days)	6 923	-
31 - 60 days	228 005	-
91 - 120 days	1 640 791	-
121 - 365 days	471 514	-
	<u>2 347 233</u>	<u>-</u>

#### Reconciliation of allowance for impairment

Balance at beginning of the year	-	(792 608)
Contributions to allowance	(287 751)	(460 201)
Debt impairment written off against allowance	-	1 252 809
	<u>(287 751)</u>	<u>-</u>

#### Trade receivables pledged as security

No trade receivables were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

#### Credit quality of consumer debtors

The credit quality of the Firefighting debt that are neither due nor past nor impaired was assessed based on information received from the external debt collectors of each individual debt, due to historic trends that cannot be determined due to the special nature of the debt. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days legal proceedings are instituted by the municipality.



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### 5. Trade Receivables from exchange transactions (continued)

#### Consumer debtors past due but not impaired

The debt originate as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on information received from the external debt collectors as a historic payment trend cannot be determined for firefighting debtors.

As of 30 June 2016 consumer debtors of R 2 340 310 (2015: R0) were past due but not impaired.

#### Consumer debtors impaired

As of 30 June 2016, consumer debtors of R 287 751 (2015: R nil ) were impaired and provided for.

The amount of the provision was R287 751 at 30 June 2016 (2015: R nil ).

The ageing of these debtors is as follows:

91 till 120 days	6 888	-
121 days and more	280 863	-

### 6. Inventories

Consumable stores	1 788 291	1 682 740
Roads Inventory	357 517	2 234 839
Housing Stock	72 940	72 940
	<u>2 218 748</u>	<u>3 990 519</u>

No inventory has been pledged as security.

Consumables valued at R304 396 (2015: R106 956) was written off and recognised in the Statement of Financial Performance. This stock was found to be obsolete during the year end stock count. Inventory valued at R7 575 993 (2015: R 8 590 985) were expensed in the Statement of Financial Performance.

### 7. VAT receivable

VAT	<u>4 383 748</u>	<u>1 371 244</u>
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### 8. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	57 283 806	-	57 283 806	58 040 226	-	58 040 226
Buildings	96 604 658	(7 267 710)	89 336 948	100 375 049	(8 028 239)	92 346 810
Infrastructure	1 323 209	(957 864)	365 345	1 120 508	(929 392)	191 116
Furniture and fittings	7 637 664	(4 757 067)	2 880 597	7 504 645	(4 178 928)	3 325 717
Motor vehicles	40 954 717	(15 731 479)	25 223 238	40 658 677	(13 857 635)	26 801 042
Office equipment	19 064 199	(8 002 427)	11 061 772	19 334 435	(5 978 446)	13 355 989
Plant and equipment	15 480 346	(6 580 661)	8 899 685	14 449 526	(5 469 481)	8 980 045
Other property, plant and equipment	5 591 332	(2 048 787)	3 542 545	8 085 063	(4 406 876)	3 678 187
Leased assets - Cell phones	647 378	(520 625)	126 753	632 084	(476 757)	155 327
<b>Total</b>	<b>244 587 309</b>	<b>(45 866 620)</b>	<b>198 720 689</b>	<b>250 200 213</b>	<b>(43 325 754)</b>	<b>206 874 459</b>

#### Details of Valuation

Cape Winelands district municipality performed a valuation for the year ending 30 June 2015.

The valuations were performed by independent professional valuer Mr Brits and independent professional associate valuer Mr Botha, of HCB Property Valuations at the time. HCB Property Valuations is not connected to the municipality and have recent experience in location and category of the land and buildings being valued.

The basis of the valuation was market value which is the estimated amount for which an asset should exchange, on the date of valuation between a willing buyer and seller, in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeable, prudently and without compulsion.

In terms of GRAP the fair value of property, plant and equipment is usually their market value determined by appraisal. The revaluation surplus for the year ended 30 June 2015 was R12 015 133.

#### Valuation Methods

Each property has been identified and inspected and the revalued amount apportioned between land and buildings. The following methods were used to arrive at a market value, depending on the specific properties:

##### a) Income Capitalisation Valuation

Commercial buildings are income producing buildings; the potential buyer would be investing in the property to obtain potential income from it.

##### b) Comparable Sales Approach

This is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring an acceptable substitute property. In applying the comparable sales approach it is necessary to investigate sales of similar type properties that have been sold as well as the comparable properties available on the market.

##### c) Comparable Rentals

This approach takes into account the market rentals in the area. If there was not sufficient rentals in the area, use was made of the local property experts.

##### d) Direct Comparison Methods

The direct comparison method entails the comparison of similar properties being sold recently.

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**8. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2016**

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	58 040 226	-	(756 420)	-	-	57 283 806
Buildings	92 346 810	720 446	(89 934)	-	(3 640 374)	89 336 948
Infrastructure	191 116	202 701	-	-	(28 472)	365 345
Furniture and fittings	3 325 717	154 898	(21 879)	-	(578 139)	2 880 597
Motor vehicles	26 801 042	465 693	(169 653)	-	(1 873 844)	25 223 238
Office equipment	13 355 989	1 421 825	(1 692 061)	-	(2 023 981)	11 061 772
Plant and equipment	8 980 045	1 100 132	(69 312)	-	(1 111 180)	8 899 685
Other property, plant and equipment	3 678 187	314 564	(126 892)	-	(323 314)	3 542 545
Leased assets - Cell phones	155 327	15 294	-	-	(43 868)	126 753
	<b>206 874 459</b>	<b>4 395 553</b>	<b>(2 926 151)</b>	<b>-</b>	<b>(9 623 172)</b>	<b>198 720 689</b>

**Reconciliation of property, plant and equipment - 2015**

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	67 079 321	-	-	(9 039 095)	-	58 040 226
Buildings	74 813 114	102 226	-	21 054 229	(3 622 759)	92 346 810
Infrastructure	214 975	-	-	-	(23 859)	191 116
Furniture and fittings	3 846 732	95 195	(55 533)	-	(560 677)	3 325 717
Motor vehicles	28 438 064	418 221	(227 906)	-	(1 827 337)	26 801 042
Office equipment	13 718 169	1 959 673	(1 009 090)	-	(1 312 763)	13 355 989
Plant and equipment	8 203 643	1 656 512	(51 277)	-	(828 833)	8 980 045
Other property, plant and equipment	3 788 623	237 791	(49 309)	-	(298 918)	3 678 187
Leased assets - Cell phones	209 596	10 720	(22 032)	-	(42 957)	155 327
	<b>200 312 237</b>	<b>4 480 338</b>	<b>(1 415 147)</b>	<b>12 015 134</b>	<b>(8 518 103)</b>	<b>206 874 459</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

No assets have been pledged as security.

As at 30 June 2016 the municipality had a contractual commitment of R 2 498 177 (2015: R nil) which relates to property, plant and equipment.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

The comparative figures were restated. Refer to prior period error note 32.

**9. Intangible assets**

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 019 885	(666 847)	1 353 018	1 642 173	(404 253)	1 237 920



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### 9. Intangible assets (continued)

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 237 920	377 692	(262 594)	1 353 018

#### Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	948 027	425 992	(136 099)	1 237 920

### 10. Operating lease liability

Operating leases relate to buildings that are recognised on a straight line basis with lease terms of between one to 3 years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Non-current portion of straight lining	17 382	-
Current portion of straight lining	-	9 237
	<u>17 382</u>	<u>9 237</u>

At 30 June 2016, the future minimum leases under non cancellable leases were receivable as follows:

Payable within 1 year	325 993	306 337
Payable within 2 to 5 years	537 030	863 023
	<u>863 023</u>	<u>1 169 360</u>

The municipality entered into operating leases for the rental of office facilities. The lease agreements are between LSW Eiendomme BK, Witzenberg Municipality and Stellenbosch Municipality. The contracts are for a 3 (three) year period.

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### 11. Finance lease obligation

Finance lease liabilities relate to cellphones with a contract term of 24 months (2015: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 10.5% (2015: 9.25%), for the duration of the contract.

The municipality approved a Telecommunications policy during the 2014/15 financial year allowing employees to receive telephone allowances and the finance leases of cellphones to be phased out accordingly.

Opening balance	39 988	138 184
Capitalised lease liability	15 294	9 485
Payments during the year	(41 137)	(107 681)
	<b>14 145</b>	<b>39 988</b>
<b>Minimum lease payments due</b>		
- within one year	9 528	38 245
- in second year inclusive	4 617	1 743
<b>Present value of minimum lease payments</b>	<b>14 145</b>	<b>39 988</b>
Non-current liabilities	4 617	1 743
Current liabilities	9 528	38 245
	<b>14 145</b>	<b>39 988</b>

The comparative figures were restated. Refer to prior period error note 32.

### 12. Unspent conditional grants

Unspent conditional grants comprises of:

<b>Unspent conditional grants and receipts</b>		
Community development workers	42 504	19 342
Financial management grant	-	393 472
IDP support grant	66 552	136 212
Integrated transport plan	1 570 199	2 035 810
Municipal system improvement grant	667 163	-
Non Motorised transport	-	394 186
Performance management grant	236 100	36 100
Provincial Treasury (FMG)	1 041 861	756 200
Public transport (Provincial)	185 412	185 412
Rural roads asset management system	2 379 889	-
Tirelo Bosha: Public service improvement	218 042	-
Water and sanitation	35 560	35 560
Unspent public contributions and donations	196 436	381 002
	<b>6 639 718</b>	<b>4 373 296</b>

See note 22 for reconciliation of grants from National/Provincial Government.

These amounts are invested until utilised. (refer to note 3).

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### 13. Trade payables from exchange transactions

ACB's	2 012	6 954
Creditor accruals	1 524 892	1 311 696
DWAF Agency	851 985	637 523
Employee repayments	1 255	112 624
Other payables	133 232	241 891
Payments received in advanced	21 664	21 033
Retention	778 048	1 435 409
Roads agency	10 216 859	2 487 016
Trade payables	206 482	232 825
Unclaimed funds	5 153	5 053
	<b>13 741 582</b>	<b>6 492 024</b>

### 14. Employee benefits

#### Short-term employee benefits

Employee benefit accruals	798 392	669 142
Short term: Medical aid liability	5 289 492	5 450 856
Provision staff leave	12 590 009	11 807 005
13th Cheque	3 654 893	3 293 189
Short term: Ex-gratia benefit	139 059	338 734
Short term: Long term service award	1 484 212	1 333 308
	<b>23 956 057</b>	<b>22 892 234</b>

#### Other long term employee benefits

Long service award	9 822 530	9 813 362
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#### Post-employee benefits

Post-Retirement Medical aid benefits	137 595 254	138 149 321
Ex-gratia benefit	2 286 911	2 062 819
	<b>139 882 165</b>	<b>140 212 140</b>

Current liability	23 956 057	22 892 234
Non-current liability	149 704 695	150 025 502
	<b>173 660 752</b>	<b>172 917 736</b>

### Post-retirement and medical aid benefits

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Key Health
- Samwumed
- Hosmed
- LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

#### Active members

Principal members	332	328
Average age	44.9	44.5
Average past service cost	R14.8 million	R14.8 million

#### Continuation members

Principal members	132	145
Average age	72.5	71.6



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### The amounts recognised in the Statement of Financial Position are -

	2016	2015
Projected benefit obligation	142 884 746	143 596 556

### The obligation in respect of past services has been estimated as follows:

Active members	73 088 406	68 074 884
Continuation members	69 796 340	75 521 672

### Net obligation

	142 884 746	143 596 556
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### The amounts recognised in the Statement of Financial Performance are -

Current service cost	4 563 849	4 213 472
Interest cost	12 199 776	12 035 335
Recognised actuarial (gains)/ losses	(12 050 806)	(5 690 898)

### Amount charged to Statement of Financial Performance

	4 712 819	10 557 909
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The future service cost for the ensuing financial year is estimated to be R4 747 947, whereas the interest cost for the next year is estimated to be R12 613 740.

### Movements in the present value of the defined benefit obligation were as follows

Opening benefit obligation liability	143 596 556	138 236 437
Payments to members	(5 424 629)	(5 197 790)
Charge to Statement of Financial Performance	4 712 819	10 557 909
Closing benefit liability	142 884 746	143 596 556

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

### Key actuarial assumptions

Discount rate	8.99	8.66
Health care cost inflation rate	8.12	7.91

### Change in medical inflation rate

The effect of a 1% movement in the assumed medical inflation rate is as follows:

#### Increase

	2016	Change	% change
Effect on the aggregate of the current service cost and interest cost	19 819 500	3 567 510	18 %
Effect on the defined benefit obligation	165 148 000	26 423 360	16 %

#### Decrease

Effect on the aggregate of the current service cost and interest cost	14 322 500	(2 148 375)	(15)%
Effect on the defined benefit obligation	124 733 000	(16 215 290)	(13)%

### Change in the post - retirement mortality rate

The effect of a 1 year reduction in the post- retirement mortality rate is as follows:

	2016	Change	% change
Effect on the aggregate of the current service cost and interest cost	148 383 000	5 935 320	4 %

### Change in average retirement age

The effect of a 1 year reduction in the post- retirement mortality rate is as follows:

Effect on the defined benefit obligation	148 161 000	5 926 440	4 %
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History of Liabilities, Assets and Experience Adjustments	30 June 2012	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Accrued liability	115 425 000	131 139 000	138 236 000	143 597 000	142 885 000
Experience adjustment	-	(6 855 000)	5 190 000	(6 068 000)	(9 608 000)

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as a long term debtor.

### Employee benefit- Long term receivable

Opening balance	36 937 937	42 210 339
Current service cost	1 136 634	1 201 658
Payment received from WCPG	(6 186 111)	-
Interest cost	3 116 526	3 662 227
Benefits paid	(1 813 889)	(1 586 033)
Interest on payments from WCPG	(255 307)	-
Actuarial loss/ (gain)	(3 515 607)	(8 550 254)
	<b>29 420 183</b>	<b>36 937 937</b>

### Reconciliation of long term receivable

Short term portion	1 814 448	1 913 484
Long term portion	27 605 735	35 024 453
	<b>29 420 183</b>	<b>36 937 937</b>

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was use to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

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### Ex- gratia benefits

Details of employees eligible for ex-gratia benefits are detailed below.

#### Members

In- service employees for ex- gratia pension	11	12
In- service employees eligible for lump sum benefit on retirement	11	17
Eligible former employees receiving ex- gratia pension	2	2
Eligible spouses receiving ex- gratia pension	5	5

#### Average age in years

In- service employees for ex- gratia pension	54.50	53.60
In- service employees eligible for lump sum benefit on retirement	55.30	54.50
Eligible former employees receiving ex- gratia pension	62.00	61.00
Eligible spouses receiving ex- gratia pension	81.60	80.60

#### The amount recognised in the Statement of Financial Position are:

Projected benefit obligation	2 425 971	2 401 554
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#### The amount recognised in the Statement of Financial Performance are:

Interest cost	198 608	252 264
Recognised actuarial (Gain)/ Loss	303 950	(497 695)
	<u>502 558</u>	<u>(245 431)</u>

The future service cost for the ensuing financial year is estimated to be Rnil, whereas the interest cost for the next financial year is estimated to be R215 592.

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. For each of the three liability components, yields were determined by looking at the average term of the liability component and finding the fixed-interest and index-linked gilt yields at the relevant duration of the JSE (Best Decency) Zero Coupon bond yield curve

#### Movements in the present value of the defined benefit obligation were as follows:

Opening benefit obligation	2 401 554	2 812 858
Payments to members	(478 141)	(165 873)
Actuarial (Gain)/ Loss	303 950	(497 695)
Interest and service cost	198 608	252 264
<b>Closed benefit obligation</b>	<u>2 425 971</u>	<u>2 401 554</u>

#### Key actuarial assumptions

Discount rate	9.14 %	8.88 %
Pension increase rate	7.75 %	6.68 %
Salary inflation rate	6.75 %	7.68 %

#### Change in pension increase rate

	2016	Change	% Change
Effect on the aggregate of the current service cost and interest cost	243 581	41 408	17 %
Effect on the defined benefit obligation	2 821 293	451 406	16 %
Effect on the aggregate of the current service cost and interest cost	178 935	(25 051)	(14)%
Effect on the defined benefit obligation	2 103 743	(273 486)	(13)%

#### Change in the post- retirement mortality rate

The effect of a 1 year reduction in the post- retirement mortality rate is as follows:

Effect on the aggregate of the current service cost	213 829	6 414	3 %
Effect on the aggregate of the current interest cost	2 494 684	74 840	3 %



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History of Liabilities, Assets and Experience Adjustments	30 June 2012	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Accrued liability	4 369 540	4 193 617	2 812 858	2 401 554	2 425 971
Experience adjustment	-	(615 589)	(973 516)	(499 506)	372 632

### Long service awards

Details of employees eligible for long service awards are detailed below.

Members	430	421
Average age in years	46	46

### The amounts recognised in the Statement of Financial Position are:

Projected benefit obligation	11 306 743	11 146 671
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### The amounts recognised in the Statement of Financial Performance are:

Current service cost	738 528	636 598
Interest cost	825 931	757 866
Recognised actuarial (gain)/ losses	(110 250)	608 568

### Amount charged to Statement of Financial Performance

1 454 209	2 003 032
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The future service cost for the ensuing financial year is estimated to be R767 605, whereas the interest cost for the next financial year is estimated to be R901 096.

The rates are calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

### Movements in the present value of the benefit obligation were as follows:

Opening benefit obligation	11 146 671	9 991 275
Payment to members (benefits vesting)	(1 294 137)	(847 636)
Actuarial (Gain)/ Loss	(110 250)	608 568
Interest and service cost charged to Statement of Financial Performance	1 564 459	1 394 464
<b>Closing benefit obligation</b>	<b>11 306 743</b>	<b>11 146 671</b>

### Key actuarial assumptions

Discount rate	8.52 %	7.87 %
Salary inflation	7.17 %	7.05 %
Average retirement age	62.0	62.0

### Change in the salary inflation rate

The effect of a 1% movement in the assumed salary inflation rate is as follows:

	2016	Change	% Change
Increase:			
Effect on the aggregate of the current service cost and interest cost	1 690 100	135 208	8 %
Effect on the defined benefit obligation	12 043 000	843 010	7 %
Decrease:			
Effect on the aggregate of the current service cost and interest cost	1 452 500	(101 675)	(7)%
Effect on the defined benefit obligation	10 641 000	(638 460)	(6)%

### Change in the average retirement age

	2016	Change	% Change
Increase:			
Effect on the aggregate of the current service cost and interest cost	1 826 100	310 437	17 %
Effect on the defined benefit obligation	13 278 000	2 257 260	17 %

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<b>Decrease:</b>					
Effect on the aggregate of the current service cost and interest cost	1 307 400	(209 184)	(16)%		
Effect on the defined benefit obligation	9 280 000	(1 670 400)	(18)%		
<b>Change in withdrawal rate</b>					
The effect of a 50% reduction in the withdrawal rate is as follows:					
Effect on the aggregate of the current service cost and interest cost	1 866 300	354 597	19 %		
Effect on the defined benefit obligation	12 788 000	1 662 440	13 %		
<b>History of Liabilities, Assets and Experience Adjustments</b>	<b>30 June 2012</b>	<b>30 June 2013</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2016</b>
Accrued liability	-	10 758 048	9 991 275	11 146 671	11 306 743
Experience adjustment	-	-	(600 586)	581 153	295 235

The Municipality makes provision for post-retirement benefits to eligible Councilors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

### a) Cape Joint Pension Fund

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

### Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 23.06 % (period 1 February 2012 - 30 June 2014) and 26.77% (period 1 July 2014 - 30 June 2015) by their councils. The actuarial valuation report at 30 June 2015 disclosed an actuarial valuation amounting to R2,136,012,000 (30 June 2014 : R3,631,518,000), with a net accumulated surplus of R28,015,000 (2014 : R23,343,000), with a funding level of 101.4% (30 June 2014 : 104.4%).

### Defined Contribution Scheme

The actuarial valuation report at 30 June 2015 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,932,720,000 (30 June 2014 : R566,689,000), net investment reserve of R0 (30 June 2013 : R787,000) and with a funding level of 100% (2014 : 100%).

The actuary concluded that :

- The future service contribution rate shortfall amounts to 5.34% of salary in respect of 29 remaining DB active members as at the valuation date.
- The Trustees granted a pension increase of 3% effective 1 January 2016 and a pensioner bonus of 75% of monthly pension payable in December 2015. Pro-rata pension increases and bonus apply for pensions in payment for less than one year.
- The underlying asset portfolios were not aligned with the Members' Shares and Fund accounts at the valuation date.

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- The direct property assets of R390.2 million form a relatively high proportion at 18.8% of the assets of the Pensioner Account. In my opinion, a proportion of between 0% and 10% would be more appropriate to avoid an over-concentration in one asset class.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The actuary certified The Pensioner Account was 101.4% funded with a surplus of R28.0 million and is in a sound financial condition. The funding level in respect of the DB active members was 153.1% with a surplus of R21.9 million. The DB Section is in a sound financial condition and the DC Section has a funding level of 100% and is in a sound financial condition. Overall the Fund is in a sound financial condition with a surplus of R50.0 million and an overall funding level of 101.2%. The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

### b) Cape Joint Retirement Fund

The Cape Joint Retirement Fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R18,322,177,000 (30 June 2014: R17,172,854,000), with funding levels of 112.1% and 100% (30 June 2014 112.6% and 99.9%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2015 & 2014. The contribution rate paid by the members (7.50%/9%) and the municipalities (19.50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

### c) SAMWU National Provident Fund

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2014 revealed that the assets of the fund amounted to R6,574,775,000 (30 June 2011 : R4,021,622,000), with funding levels of 111.7% (30 June 2011: 111.1%). The investment smoothing reserve has remained unchanged at 4.6% of the market value of assets (or 5.5% of members' Fund Credits and the data reserve). The actuary certified that based on the 2014 valuation the Fund's assets are sufficient to cover the members' Fund Credits, Risk Benefits Reserve and the Data Reserve and to provide for an investment smoothing reserve of 5.55% of members' Fund Credits as at 30 June 2014. In addition, there is a substantial surplus of some R689.1 million. The Fund is therefore in a very sound financial position.

### d) The Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13.75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.



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<b>15. Revaluation reserve</b>		
Opening balance	105 851 298	96 341 390
Additions to revaluation reserve	-	12 015 133
Transfer to accumulated surplus- depreciation	(2 512 376)	(2 505 225)
Transfer to Drakenstein municipality	(600 370)	-
	<b>102 738 652</b>	<b>105 851 298</b>

The comparative figures were restated. Refer to prior period error note 32.

## 16. Accumulated surplus

### Ring- fenced internal funds within accumulated surplus - 2016

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	70 303 165	4 119 601	402 712 442	477 135 208
Offsetting of depreciation	-	(730 553)	730 553	-
Surplus for the year	-	-	45 780 769	45 780 769
Property, plant and equipment purchases	(4 338 978)	418 972	3 920 004	-
Transfer from Revaluation reserve	-	-	2 512 376	2 512 376
Contribution to CRR	4 000 000	-	(4 000 000)	-
Transfer to Drakenstein municipality	-	-	600 370	600 370
	<b>69 964 187</b>	<b>3 808 020</b>	<b>452 256 514</b>	<b>526 028 721</b>

### Ring- fenced internal funds within accumulated surplus - 2015

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	74 710 415	4 300 976	356 741 774	435 753 165
Offsetting of depreciation	-	(669 733)	669 733	-
Surplus for the year	-	-	38 876 816	38 876 816
Property, plant and equipment purchases	(4 407 250)	488 358	3 918 894	-
Transfer from Revaluation reserve	-	-	2 505 225	2 505 225
	<b>70 303 165</b>	<b>4 119 601</b>	<b>402 712 442</b>	<b>477 135 208</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

The comparative figures were restated. Refer to the prior period error note 32.

## 17. Service charges

Other service charges	2 503 212	487 398
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## 18. Rental of facilities and equipment

### Facilities

Rental of facilities and equipment	100 401	93 655
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## 19. Agency Services

Roads Agency	113 288 389	88 162 881
Working for Water	2 285 538	3 231 387
	<b>115 573 927</b>	<b>91 394 268</b>

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### 20. Other income

Bad debt recovered	129 770	-
Brokerage	48 895	49 538
Electricity income (Eerste Begin)	11 758	9 570
Insurance income	110 984	2 709
Miscellaneous income	343 939	239 798
Miscellaneous road income	24 979	181 258
Municipal health income	287 053	267 285
RSC levies recovered	56	45
SETA refund	405 664	183 808
Shop steward reimbursement	107 046	155 302
Tender document income	187 580	111 492
Unclaimed funds	-	474 089
	<u>1 657 724</u>	<u>1 674 894</u>

The comparative figures were restated. Refer to prior period error note 32.

### 21. Investment revenue

#### Interest revenue

Interest on investments	43 013 756	35 341 507
	<u>43 013 756</u>	<u>35 341 507</u>

### 22. Government grants and subsidies

#### Operating grants

Community Development Workers	48 838	120 784
Equitable share	6 172 000	7 870 000
Extended Public Works	1 000 000	1 000 000
Financial Management Grant	1 250 000	1 935 091
IDP Support grant	69 660	63 788
Integrated Transport Planning	465 611	412 032
Municipal System Improvement Grant	262 838	952 386
Non - Motorised transport grant	394 186	105 815
Performance management grant	-	13 900
Provincial Treasury: FMG	1 099 339	568 800
Public Transport (Provincial)	-	143 535
Rsc Levy Replacement grant	210 834 000	205 736 000
Rural roads asset management system	4 111	-
Sandhills - Toilet Hire	346 337	352 779
Greenest municipality	50 000	50 000
Tirelo Bosha: Pub Services Imp	736 013	311 990
	<u>222 732 933</u>	<u>219 636 900</u>

#### Unconditional

Included in above are the following unconditional grants and subsidies received:

Equitable share	6 172 000	7 870 000
Rsc Levy Replacement grant	210 834 000	205 736 000
	<u>217 006 000</u>	<u>213 606 000</u>

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### 22. Government grants and subsidies (continued)

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R - (2015: R -), which is funded from the grant.

#### Community development workers

Balance unspent at beginning of year	19 342	70 174
Current-year receipts	72 000	69 952
Conditions met - transferred to revenue	(48 838)	(120 784)
	<u>42 504</u>	<u>19 342</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Community Developmental and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

#### IDP support grant

Balance unspent at beginning of year	136 212	200 000
Conditions met - transferred to revenue	(69 660)	(63 788)
	<u>66 552</u>	<u>136 212</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Office of the Municipal Manager.

Provide financial assistance to municipalities in support of their IDP reviews.

#### Integrated transport planning

Balance unspent at beginning of year	2 035 810	168 763
Current-year receipts	-	1 800 000
Conditions met - transferred to revenue	(465 611)	(412 032)
Refund to Provincial Government	-	(166 763)
Reallocation from Non Motorised Transport grant	-	647 842
	<u>1 570 199</u>	<u>2 035 810</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Technical Services.

The funds were utilised to review and update the districts integrated transport policy.

#### Financial Management Grant

Balance unspent at beginning of year	393 472	1 078 564
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 935 092)
Refund to National Treasury	(393 472)	-
	<u>-</u>	<u>393 472</u>



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### 22. Government grants and subsidies (continued)

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipalities audit outcome, to implement National Treasury's internship programme and attaining minimum competencies.

#### Non Motorised Transport

Balance unspent at beginning of year	394 186	1 147 842
Conditions met - transferred to revenue	(394 186)	(105 814)
Reallocated to Integrated Transport Grant	-	(647 842)
	<u>-</u>	<u>394 186</u>

Strategic Objective: Technical Services.

To improve pedestrian safety through the development of appropriate transport infrastructure.

#### Performance Management Grant (PT)

Balance unspent at beginning of year	36 100	-
Current-year receipts	200 000	50 000
Conditions met - transferred to revenue	-	(13 900)
	<u>236 100</u>	<u>36 100</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Office of the Municipal Manager.

To provide financial assistance to municipalities to ensure functional and compliant performance management systems.

#### Public Transport (Provincial)

Balance unspent at beginning of year	185 412	2 735 965
Conditions met - transferred to revenue	-	(143 535)
Refund to Provincial Government	-	(2 407 018)
	<u>185 412</u>	<u>185 412</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Technical Services

To develop, implement and promulgate an impoundment facility in the Drakenstein Local Municipal area in accordance with the National Land Transport act, 2009 (Act 5 of 2009).

#### Provincial Treasury: FMG

Balance unspent at beginning of year	756 200	300 000
Current-year receipts	1 385 000	1 025 000
Conditions met - transferred to revenue	(1 099 339)	(568 800)
	<u>1 041 861</u>	<u>756 200</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

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### 22. Government grants and subsidies (continued)

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The municipality utilised the funds for the district funding research initiative, mSCOA travel and subsistence, and the ICT control audit. The funds that are available are committed for the district funding research as well as the internship co-ordination guidance project that will be finalised in next financial year.

#### Water and Sanitation

Balance unspent at beginning of year	35 560	35 560
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Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Technical Services

No funds were utilised during the 2015/16 financial year, but the municipality will review its masterplans in the near future.

#### Rural roads asset management system grant

Current-year receipts	2 384 000	-
Conditions met - transferred to revenue	(4 111)	-
	<u>2 379 889</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Technical Services

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data inline with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

#### Municipal Systems Improvement Grant

Current-year receipts	930 000	952 386
Conditions met - transferred to revenue	(262 837)	(952 386)
	<u>667 163</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

#### Tirelo Bosh: Public service improvement

Current-year receipts	954 055	311 990
Conditions met - transferred to revenue	(736 013)	(311 990)
	<u>218 042</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 12).

Strategic Objective: Community Development and Planning Services.

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**22. Government grants and subsidies (continued)**

To draw up an evidence-based strategy anchored within current policy and legislative mandates, which is enhanced by situated research and social dialogue to practically address the need for improved farm worker housing, access to services and tenure security on and off-farm within the Cape Winelands District.

**Sandhills-Toilet Hire**

Current-year receipts	346 337	260 652
Conditions met - transferred to revenue	(346 337)	(352 779)
Amounts still receivable	-	92 127
	<u>-</u>	<u>-</u>

Strategic Objective: Technical Services.

The subsidy is allocated to the municipality as a refund for temporary toilets hired in Sandhills.

**Greenest municipality**

Current-year receipts	50 000	50 000
Conditions met - transferred to revenue	(50 000)	(50 000)
	<u>-</u>	<u>-</u>

Strategic Objective: Community Development and Planning Services.

To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing environmental and socio-economic programmes.

**Extended Public Works**

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	<u>-</u>	<u>-</u>

Strategic Objective: Technical Services (see note 12).

This grant incentivises the municipality to expand work creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines

The grant contributed towards increased levels of employment in an areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

**23. Public contributions and donations**

Contributions from Farmers	827 872	1 873 984
Wellness day donation	-	13 280
Upgrade of rural roads Farmers	218 316	-
	<u>1 046 188</u>	<u>1 887 264</u>

**Reconciliation of conditional contributions**

Balance unspent at beginning of year	381 002	1 560 111
Current-year receipts	861 622	708 155
Conditions met - transferred to revenue	(1 046 188)	(1 887 264)
	<u>196 436</u>	<u>381 002</u>

Conditions still to be met - remain liabilities (see note 12)



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**23. Public contributions and donations (continued)**

2016	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Balance unspent at the end of the year
Contribution from Farmers (Electricity)	-	827 872	(827 872)	-
Road station road Ceres	381 002	33 750	(218 316)	196 436
	<u>381 002</u>	<u>861 622</u>	<u>(1 046 188)</u>	<u>196 436</u>
2015	Balance unspent at beginning of year	Current year receipts	Conditions met- transferred to revenue	Balance unspent at the end of year
Contribution from Farmers (Electricity)	1 201 609	672 375	(1 873 984)	-
Road station road Ceres	358 502	22 500	-	381 002
Wellness day donation	-	13 280	(13 280)	-
	<u>1 560 111</u>	<u>708 155</u>	<u>(1 887 264)</u>	<u>381 002</u>

**24. Employee related costs**

Basic	86 677 302	80 365 537
Bonus	7 211 232	6 656 116
Medical aid - company contributions	9 761 977	9 049 165
UIF	703 263	681 224
WCA	790 006	732 547
Leave pay provision charge	1 340 170	1 286 857
Student work	1 012 609	580 082
Operators allowance	30 335	63 131
Defined contribution plans	14 457 711	14 181 051
Travel, motor car, accommodation, subsistence and other allowances	12 221 627	10 646 224
Overtime payments	5 029 982	4 285 484
Long-service awards	1 630 766	1 394 464
Medical aid current service cost	4 563 849	3 011 814
Acting allowances	144 560	-
Actuarial loss/ (gain)	(8 345 120)	4 556 261
Housing benefits and allowances	4 085 396	3 155 959
Other allowances	4 494 464	4 646 967
Future medical aid expenses	8 145 224	8 625 372
Group schemes	1 253 470	1 152 888
Telephone and fax	345 640	87 212
Performance bonus	-	(5 851)
	<u>155 554 463</u>	<u>155 152 504</u>

2016	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	738 528	-	4 569 849	1 136 634	6 445 011
Interest cost	825 931	196 608	12 199 776	3 116 526	16 340 841
Net actuarial (gains)/ losses recognised	(9 923)	136 220	(12 050 806)	(5 329 496)	(17 254 005)
	<u>1 554 536</u>	<u>334 828</u>	<u>4 718 819</u>	<u>(1 076 336)</u>	<u>5 531 847</u>

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### 24. Employee related costs (continued)

2015	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	636 598	-	4 213 472	(1 201 658)	3 648 412
Interest cost	757 866	252 264	12 035 335	(3 662 227)	9 383 238
Net actuarial (gains)/ losses recognised	608 568	(503 277)	(5 690 898)	10 136 287	4 550 680
	<u>2 003 032</u>	<u>(251 013)</u>	<u>10 557 909</u>	<u>5 272 402</u>	<u>17 582 330</u>

### Remuneration of senior management

2016	Basic salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	967 810	120 000	-	247 564	230 675	1 566 049
Chief Financial Officer	495 216	240 000	-	139 399	373 704	1 248 319
ED: Community development and planning services	859 997	178 545	-	195 976	11 412	1 245 930
ED: Technical services	874 337	121 802	-	215 365	13 800	1 225 304
	<u>3 197 360</u>	<u>660 347</u>	<u>-</u>	<u>798 304</u>	<u>629 591</u>	<u>5 285 602</u>

2015	Basic Salary	Car allowance	Performance bonuses	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	970 519	120 000	50 494	236 501	141 645	1 519 159
Chief Financial Officer	488 161	240 000	34 708	135 038	306 874	1 204 781
ED: Community development and planning services	802 812	179 272	34 708	183 389	3 804	1 203 985
ED: Technical services	819 296	124 369	35 108	200 578	4 600	1 183 951
	<u>3 080 788</u>	<u>663 641</u>	<u>155 018</u>	<u>755 506</u>	<u>456 923</u>	<u>5 111 876</u>

The following accrued to key management personnel in terms of GRAP 25 at year end:

#### Staff leave

Municipal Manager	190 311	70 693
Chief Financial Officer	96 086	51 408
ED: Community Development and Planning Services	87 020	56 081
ED: Technical Services	188 609	42 061
	<u>562 026</u>	<u>220 243</u>

### 25. Remuneration of councillors

Executive Mayor	946 380	898 318
Deputy Mayor	761 997	723 548
Speaker	761 997	723 548
Other Councillors	8 308 798	7 861 432
	<u>10 779 172</u>	<u>10 206 846</u>

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<b>25. Remuneration of councillors (continued)</b>		
<b>2016</b>	<b>Salaries</b>	<b>Contribution to medical and pension funds</b>
		<b>Car allowance</b>
		<b>Other</b>
		<b>Total</b>
Executive Mayor	739 054	110 858
Deputy Mayor	451 619	105 709
Speaker	545 100	61 240
Other Councillors	5 910 354	496 588
	<u>7 646 127</u>	<u>774 395</u>
		<u>1 810 712</u>
		<u>547 938</u>
		<u>10 779 172</u>
<b>2015</b>	<b>Salaries</b>	<b>Contribution to medical and pension funds</b>
		<b>Car allowance</b>
		<b>Other</b>
		<b>Total</b>
Executive Mayor	697 260	104 589
Deputy Mayor	454 844	102 483
Speaker	511 183	56 707
Other Councillors	5 520 182	464 931
	<u>7 183 469</u>	<u>728 710</u>
		<u>1 790 150</u>
		<u>504 517</u>
		<u>10 206 846</u>
The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.		
<b>26. Depreciation and amortisation</b>		
Property, plant and equipment	9 623 171	8 518 103
Intangible assets	262 594	136 099
	<u>9 885 765</u>	<u>8 654 202</u>
<b>27. Finance costs</b>		
Finance leases	2 220	7 837
<b>28. Debt impairment</b>		
Debt impairment	239 609	510 100
<b>29. Repairs and maintenance</b>		
Roads maintenance	53 894 756	32 261 339
Buildings	2 898 243	2 901 356
Furniture and equipment	559 599	489 455
Maintenance contracts	2 253 989	2 121 684
Motor vehicles	5 905 369	5 437 398
	<u>65 511 956</u>	<u>43 211 232</u>
<b>30. General expenses</b>		
Advertising	1 177 390	728 861
Air quality projects	-	43 860
Audit committee	98 552	91 706
Audit support	3 330	56 833
Auditors remuneration	2 310 176	2 969 412
Bank charges	75 783	81 725
Benevolent fund	135 633	113 800
Branding items	147 781	170 934



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<b>30. General expenses (continued)</b>		
Bundling cost for early warning	152 890	239 853
Cape Winelands biosphere reserve	150 000	150 000
Cash handling	4 302	48 627
Chemicals	388 365	170 873
Cleaning	473 613	430 196
Clearing projects	2 035 538	2 815 126
Communications	1 680 012	1 660 899
Community development workers	48 838	120 784
Community works programme	101 149	-
Conferences and seminars	215 721	117 475
Consumables	394 122	942 645
Contribution: Academy of learning	-	21 460
Disciplinary hearings	365 324	159 569
Electricity	2 532 580	2 378 449
Emergency aid	165 340	32 502
Entertainment	93 089	95 349
Equipment general items	515 305	267 986
Exhibitions and events	708 018	420 986
Fire breaks	699 311	728 751
Fire fighting special events	10 651 218	12 925 631
Flowers	925	5 390
Fuel and oil	7 164 970	8 411 746
Great Wine Capitals	581 972	542 411
Hiring of Sandhill toilets	346 337	352 779
ID campaign	-	24 430
IDP Project	69 660	63 788
IT expenses	364 456	363 100
Insurance	1 026 638	935 498
Integrated transport projects	1 977 991	1 525 738
LED information management	148 200	-
Levies	40 035	36 836
Lisence fees -radio	29 471	73 083
Magazines, books and periodicals	10 585	9 984
Maintenance contracts	307 300	256 083
Medical expenses	6 438	6 589
Motor vehicle expenses	120 053	110 082
Other expenses	392 452	251 505
Placement fees	17 078	3 345
Pool championship	-	120 000
Postage and courier	53 843	38 771
Printing and stationery	1 682 268	1 786 914
Professional fees***	3 193 679	5 303 230
Programme changes	61 329	51 372
Project - Various directorates**	27 676 174	23 656 761
Property only	1 506 577	1 303 016
Protective clothing	33 646	24 539
Public functions	361 836	609 410
Public participation	16 817	104 998
Refreshments	228 828	285 463
Refuse	73 768	80 324
Restructuring	10 675	10 598
Sector studies	736 013	-
Security (Guarding of municipal property)	1 761 394	1 254 497
Seta levies	1 329 399	1 223 614
Sewerage and waste disposal	221 816	245 076
Site expenditure	130 488	92 623
Software expenses	1 758 642	1 106 927
Stakeholder workshops	22 374	125 495
Study bursary fund	1 588 439	1 214 395
Subscriptions and membership fees	1 973 036	1 681 719

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<b>30. General expenses (continued)</b>		
Supplier verification	16 137	40 625
Telephone and fax	3 415 723	3 287 493
Title deed search fees	410	5 758
Trade unions	139 846	127 343
Training	1 616 962	1 348 112
Translation	298 668	511 239
Travel - local	2 768 353	2 563 953
Uniforms	1 187 849	1 089 965
Upgrade rural roads	1 361 570	-
Venue expenses	47 746	109 072
Video/ DVD	28 400	46 200
Water	372 929	366 634
Water/food samples testing	1 340 806	1 347 599
Website development and maintenance	136 480	60 000
Workshops	72 204	97 055
Year end function	149 835	74 316
	<b>95 302 900</b>	<b>92 351 785</b>
<b>Professional fees***</b>		
Legal services	38 830	201 478
System technical support	732 251	1 049 821
Accounting, advisory and training	494 205	1 062 459
Planning infrastructure	645 515	1 245 349
Research and consult	55 735	579 570
IT Support	231 878	-
PMS system development	55 400	-
District funding research initiative	939 865	-
Long term financial plan	-	776 650
Review and update of budget related policies	-	387 901
	<b>3 193 679</b>	<b>5 303 228</b>
<b>Projects - Various directorates**</b>		
Accommodation and travel expenses	334 745	165 575
Advertising- local newspapers	97 038	54 072
Community support	1 360 000	1 067 800
Construction material	-	55 404
Professional fees	2 232 972	831 782
Consumables	68 441	43 265
Contractor fees	12 123 688	6 058 809
Donation- Small Farmers	438 334	827 470
Educationals	449 741	723 551
Equipment- other	31 060	-
Events	3 112 066	3 440 525
Food parcels/ hampers	95 504	519 947
Printing and publications	30 460	63 315
Refreshments/ entertainment	37 935	26 194
Rental of facilities and equipment	221 106	247 029
Seed funding- Equipment and assistance	399 128	636 064
Solar warm water units	1 425 297	2 232 962
Specialised equipment	131 430	145 760
Tourism association development	140 000	150 000
Training	1 124 387	2 330 455
Transport	2 539 742	2 447 290
Water/sanitation- farm	1 283 100	1 589 492
	<b>27 676 174</b>	<b>23 656 761</b>

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## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>31. Auditors' remuneration</b>		
Fees	2 310 176	2 969 412

## 32. Prior period errors

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

## Statement of Financial Position

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	504 118 478	-	-	504 118 478
Trade receivables from exchange transactions	-	(10 042)	-	-
Other receivables from exchange transactions	12 288 230	-	-	12 288 230
Inventories	3 990 519	-	-	3 990 519
VAT receivable	1 371 244	-	-	1 371 244
Employee benefit - Long term receivable	1 913 484	-	-	1 913 484
	<u>523 681 955</u>	<u>(10 042)</u>	<u>-</u>	<u>523 681 955</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	204 127 026	2 747 433	-	206 874 459
Intangible assets	1 240 575	(2 655)	-	1 237 920
Employee benefit - Long term receivable	35 024 453	-	-	35 024 453
	<u>240 392 054</u>	<u>2 744 778</u>	<u>-</u>	<u>243 136 832</u>
<b>Total Assets</b>	<u>764 074 009</u>	<u>2 734 736</u>	<u>-</u>	<u>766 818 787</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade payables from exchange transactions	6 520 808	(28 784)	-	6 492 024
Unspent conditional grants	4 373 296	-	-	4 373 296
Operating lease liability	9 237	-	-	9 237
Finance lease obligation	36 388	1 857	-	38 245
Employee benefits	22 892 234	-	-	22 892 234
	<u>33 831 963</u>	<u>(26 927)</u>	<u>-</u>	<u>33 805 036</u>
<b>Non-Current Liabilities</b>				
Finance lease obligation	-	1 743	-	1 743
Employee benefits	150 025 501	1	-	150 025 502
	<u>150 025 501</u>	<u>1 744</u>	<u>-</u>	<u>150 027 245</u>
<b>Total Liabilities</b>	<u>183 857 464</u>	<u>(25 183)</u>	<u>-</u>	<u>183 832 281</u>
<b>Net Assets</b>	<u>580 216 545</u>	<u>2 759 919</u>	<u>-</u>	<u>582 986 506</u>
<b>Net Assets</b>				
Revaluation reserve	102 459 654	3 391 644	-	105 851 298
Accumulated surplus	477 756 890	(621 682)	-	477 135 208
<b>Total Net Assets</b>	<u>580 216 544</u>	<u>2 769 962</u>	<u>-</u>	<u>582 986 506</u>



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**32.1 Trade receivables from exchange transactions**

Balance previously reported	-
Payments received in advance	10 042
Payments received in advance reclassified to Trade payables	(10 042)
	<u>-</u>

Payments received in advance was incorrectly classified with Fire fighting debtors. This reduced the impairment there of due to the nature of the income.

**32.2 Other receivables from exchange transactions**

Balance previously reported	12 288 230
LG Seta debtor	435 000
Allowance for impairment of LG Seta debtor	(435 000)
	<u>12 288 230</u>

The payment to the supplier was accounted for in the correct accounting period in terms of the accrual basis of accounting.

LG Seta debtor in respect of a construction roads learnership agreement was accounted for and subsequently impaired.

**32.3 Property, plant and equipment**

Balance previously reported	204 127 026
Revaluation of assets	3 122 384
Buildings transferred to Provincial Government	(645 002)
Land Fire Nieuwedrift opening balance correction	205 970
Leased asset addition	3 600
Reversal of disposals	19 024
Take on assets	50 019
Safehouse asset disposal	(3 845)
Depreciation correction	(5 717)
Intangible assets	1 000
	<u>206 874 459</u>

Revaluation differences to the amount of R3 122 384 was not taken into account in the 2014/15 financial year

The Nieuwedrift clinic was transferred in the 2013/14 financial year to the Provincial Government.

Cellphone leased addition was not previously accounted for.

Assets below R10 was not previously depreciated over the estimated useful life. Roads assets and buildings depreciation was corrected.

Assets were found during the 2015/6 movable stock take which was reported as missing in the previous financial years, this resulted in a disposal reversal.

Take on assets refers to assets that were found during the 2015/16 movable stock take that was not previously on the fixed asset register.

**32.4 Intangible assets**

Balance previously reported	1 240 575
Depreciation correction	(1 737)
Accumulated surplus	82
Property, plant and equipment	(1 000)
	<u>1 237 920</u>

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Depreciation was corrected for the 2014/15 financial year.

Computer software depreciation was corrected for the 2012/13 financial year.

Accumulated depreciation was reclassified from intangible assets to property, plant and equipment.

### 32.5 Trade payables from exchange transactions

Balance previously reported	6 520 808
Creditor accruals not allocated	10 370
Reversal of journal	(28 552)
Audit committee payment	(20 644)
Payments received in advance (Refer to adjustment 32.1)	10 042
	<u>6 492 024</u>

Journal was not removed in caseware after the financial system was correctly updated.

An overpayment was made to the audit committee during the previous financial year.

Creditor accruals was not cleared during the 2014/15 financial year.

### 32.6 Finance lease obligation - current liabilities

Balance previously reported	36 388
Leased asset addition	1 857
	<u>38 245</u>

Cellphone leased addition was not previously accounted for.

### 32.7 Finance lease obligation - Non-current liabilities

Balance previously reported	-
Leased asset addition	1 743
	<u>1 743</u>

Cellphone leased addition was not previously accounted for.

### 32.8 Revaluation reserve

Balance previously reported	102 459 654
Correction of revaluation	3 122 384
Asset disposal	147 351
Depreciation correction	121 909
	<u>105 851 298</u>

An error occurred with the revaluation of land and buildings during the 2014/15 financial year.

The Worcester administration building was not accounted for as part of the revaluation additions in the prior year.

The correction in the depreciation occurred due to the error in the revaluation reserve.

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<b>32.9 Accumulated surplus</b>		
Balance previously reported	477 756 890	
Property, plant and equipment (Refer to adjustment 32.3)	(378 936)	
Revaluation reserve (Refer to adjustment 32.8)	(269 260)	
Remuneration of councillors (Refer to adjustment 32.11)	(15 584)	
General expenditure (Refer to adjustment 32.14)	(3 866)	
Movement in operating surplus	7 057	
Trade payables (Refer to adjustment 32.5)	38 825	
Intangible assets (Refer to adjustment 32.4)	82	
Other receivables from exchange transactions (Refer to adjustment 32.2)	435 000	
Other receivables from exchange transactions (Refer to adjustment 32.2)	(435 000)	
	<b>477 135 208</b>	

Refer to adjustments as listed next to line items for comment.



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## Notes to the Financial Statements

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## Statement of Financial Performance

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	487 398	-	-	487 398
Rental of facilities and equipment	93 655	-	-	93 655
Agency services	91 394 268	-	-	91 394 268
Other income	1 723 140	(48 246)	-	1 674 894
Interest received - investment	35 341 507	-	-	35 341 507
<b>Total revenue from exchange transactions</b>	<b>129 039 968</b>	<b>(48 246)</b>	<b>-</b>	<b>128 991 722</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>				
Government grants and subsidies	219 636 900	-	-	219 636 900
Public contributions and donations	1 887 264	-	-	1 887 264
<b>Total revenue from non-exchange transactions</b>	<b>221 524 164</b>	<b>-</b>	<b>-</b>	<b>221 524 164</b>
<b>Total revenue</b>	<b>350 564 132</b>	<b>(48 246)</b>	<b>-</b>	<b>350 515 886</b>
<b>Expenditure</b>				
Employee related costs	155 152 501	3	-	155 152 504
Remuneration of councillors	10 222 430	(15 584)	-	10 206 846
Depreciation and amortisation	8 645 569	8 633	-	8 654 202
Finance costs	7 839	(2)	-	7 837
Debt impairment	500 058	10 042	-	510 100
Collection costs	306 781	-	-	306 781
Repairs and maintenance	37 773 903	-	5 437 329	43 211 232
General Expenses	97 841 296	(52 182)	(5 437 329)	92 351 785
<b>Total expenditure</b>	<b>(310 450 377)</b>	<b>49 090</b>	<b>-</b>	<b>(310 401 287)</b>
<b>Operating surplus</b>	<b>40 113 755</b>	<b>844</b>	<b>-</b>	<b>40 114 599</b>
Loss on disposal of assets	(1 137 010)	6 281	-	(1 130 729)
Loss on foreign exchange	(98)	-	-	(98)
Inventories: (Write-down)/reversal of write-down to net realisable value	(106 956)	-	-	(106 956)
	<b>(1 244 064)</b>	<b>6 281</b>	<b>-</b>	<b>(1 237 783)</b>
<b>Surplus for the year</b>	<b>38 869 691</b>	<b>7 125</b>	<b>-</b>	<b>38 876 816</b>
<b>32.10 Other Income</b>				
Balance previously reported				1 723 140
Exhibition income				(48 246)
				<b>1 674 894</b>

The exhibition income was previously reported as revenue. The error was corrected by offsetting it against the expenditure to fairly present the economic activities of the municipality.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Notes to the Financial Statements

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### 32.11 Remuneration of councillors

Balance previously reported	10 222 430
Overpayment correction (Refer to adjustment 32.9)	(15 584)
	<u>10 206 846</u>

The trade receivable relating to the councillor overpayment was accounted for against the accumulated surplus in the previous financial year. The transaction was corrected by decreasing the councillor remuneration and reversing the transaction against the accumulated surplus. The overpayment was due to the upward change in the grading of Witzenberg municipality.

### 32.12 Depreciation and amortisation

Balance previously reported	8 645 569
Property, plant and equipment	6 896
Intangible assets ( Refer to adjustment 32.4)	1 737
	<u>8 654 202</u>

Assets below R10 was not depreciated over its estimated useful life. Roads assets and building depreciation were corrected.

### 32.13 Debt impairment

Balance previously reported	500 058
Additional write off	10 042
	<u>510 100</u>

Payments received in advance was incorrectly classified with Fire fighting debtors. This reduced the impairment amount in the prior year.

### 32.14 Repairs and maintenance

Balance previously reported	37 773 903
General expenses	5 437 329
	<u>43 211 232</u>

Repairs and maintenance of motor vehicles were previously disclosed as part of "motor vehicle expenses" under note 30 General expenses.

### 32.15 General Expenses

Balance previously reported	97 841 296
Exhibition income (Refer to adjustment 32.10)	(48 246)
Correction of balancing	(3 866)
Repairs and maintenance (Refer to adjustment 32.14)	(5 437 399)
	<u>92 351 785</u>

Exhibition income was reclassified to exhibitions and events under general expenditure, as the income pertained to expenditure incurred in the same year.

Appropriation below the line votes were not balancing, which increased expenditure in the prior year.

Repairs and maintenance of motor vehicles were previously disclosed as part of "motor vehicle expenses" under note 30 General expenses.

# Cape Winelands District Municipality

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## Notes to the Financial Statements

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### 32.16 Loss on disposal of assets

Balance previously reported		(1 137 010)
Disposal reversal		6 281
		<u>(1 130 729)</u>

Assets were found during the 2015/16 stock take that was reported as missing during the previous financial year, this resulted in a disposal reversal.

### 32.17 Additional disclosure in terms of the Municipal Finance Management Act

#### Pension and medical aid deductions

Amount as previously reported	-	(38 439 585)
Pensioners payments excluded	-	(7 897 050)
	-	<u>(46 336 635)</u>

Incorrect disclosure on pension and medical aid, additional disclosures in terms of the MFMA, in terms of post employment obligations. Previously only deductions relating to current employees were disclosed.

### 32.18 Councillor arrear accounts

Cllr P. Heradies (resigned 10/12/2014)	-	10 315
Cllr J.S. Mouton (resigned 31/03/2015)	-	11 359
	-	<u>21 674</u>

The amounts reflected in the previous financial year was incorrectly reported. The reported amounts only reflected the 2014/15 arrears instead of the accumulated amount.

### 33. Cash generated from operations

Surplus	45 780 769	38 876 816
<b>Adjustments for:</b>		
Depreciation and amortisation	9 885 765	8 654 202
Gain on sale of assets and liabilities	2 912 445	1 130 729
Finance costs - Finance leases	2 220	7 837
Debt impairment	239 609	510 100
Movements in operating lease assets and accruals	8 145	(12 584)
Movements in retirement benefit assets and liabilities	8 260 770	12 396 790
Inventory write off	304 396	106 956
Prior year error PPE	-	155 000
Acquisition of leased assets	(15 294)	(10 720)
<b>Changes in working capital:</b>		
Inventories	1 467 377	1 431 571
Other receivables from exchange transactions	(2 125 291)	(3 380 770)
Trade receivables from exchange transactions	(2 586 842)	(464 699)
Trade payables from exchange transactions	7 249 556	(4 811 525)
VAT	(3 012 504)	(137 986)
Trade and other payable from non exchange	-	(18 386)
Unspent conditional grants	2 266 422	(2 721 683)
	<u>70 637 543</u>	<u>51 711 648</u>



# Cape Winelands District Municipality

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## Notes to the Financial Statements

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### 34. Financial Instruments

#### Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

#### Financial assets at amortised cost

Trade receivables from exchange transactions	2 347 233	-
Other receivables from exchange transactions	11 912 995	9 623 475
Cash and cash equivalents	569 983 713	504 118 478
	<b>584 243 941</b>	<b>513 741 953</b>

#### Financial liabilities at amortised cost

Payables from exchange transactions	13 719 917	6 470 992
Finance lease obligation	14 145	39 988
Operating lease liability	17 382	9 237
	<b>13 751 444</b>	<b>6 520 217</b>

Refer to notes 4 and 5 for additional disclosures.

#### Liquidity risk

The municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions	13 719 917	-	-	-
Finance lease obligation	9 528	4 617	-	-
Operating lease liability	17 382	-	-	-
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions	6 470 992	-	-	-
Finance lease obligation	38 425	1 743	-	-
Operating lease liability	9 237	-	-	-

#### Credit risk

Credit risk consists mainly of cash and cash equivalents. The municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash & cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortised cost	2016	2015
Other receivables from exchange transactions	11 912 995	9 623 574
Trade receivables from exchange transactions	2 347 233	-
Cash and cash equivalents	569 983 713	504 118 478

#### Fair Values

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the Municipality's approach to financial risk management from the prior year.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2016

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## Notes to the Financial Statements

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### 34. Financial Instruments (continued)

#### Interest rate risk

The Municipality's exposure to interest rate risk and effective interest rates on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2016 (2015: R nil). The average interest rates on investments was 7.43% (2015: 6.71%). The Municipality invest with multiple banks with varying interest rates linked to the prime rate.

#### Market risk

It is the risk that changes in market prices such as foreign currency exchange rates and interest rates will affect the municipality's projected income. The municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few international transactions are conducted.

There were no changes in the Municipality's approach to financial risk management from the prior year.

### 35. Foreign Currency

Unrealised loss on foreign currency transactions - (98)

The municipality did not take out foreign exchange forward cover on these transactions.

### 36. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated surplus of R 526 028 721 (2015: R477 135 208) and that the municipality's total assets exceed its liabilities by R 628 767 273 (2015: R582 986 506).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006 the Cape Winelands District Municipality will be dependent on Government Grants, including the Equitable share, for approximately 58% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of Agency Services & Public Contributions account for a further 30%.

### 37. Unauthorised expenditure

#### Reconciliation of Unauthorised expenditure

Opening balance	-	-
Approved by Council or condoned	-	-
	-	-
Unauthorised expenditure awaiting authorisation	-	-

### 38. Fruitless and wasteful expenditure

#### Reconciliation of Fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure awaiting investigation by MPAC	-	-
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting approval	-	-

# Cape Winelands District Municipality

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## Notes to the Financial Statements

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<b>39. Irregular expenditure</b>		
Opening balance	-	16 750
Irregular expenditure awaiting investigation by MPAC	-	-
Amounts established as irrecoverable and written-off	-	(16 750)
Amounts recoverable	-	-
Amounts not recoverable	-	-
	<u>-</u>	<u>-</u>
	-	-
<b>Details of irregular expenditure</b>	<b>Disciplinary steps taken/ criminal proceedings</b>	
False declaration of interest from official appointed on contract - Director of Entlini Catering and official had relationship with Badela Sizabantu Building Construction: Contravention of MSA, Schedule 1 sec 5(2) and MSA Schedule 2 sec 5(1) (MPAC.6.2 dated 11 February 2015)	After investigation by MPAC in terms of Section 32 of the MFMA, certified at the Council meeting, C.14.2.1 on 26 February 2015, as irrecoverable and written off.	(16 750)
<b>40. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	1 896 066	1 682 904
Amount paid - current year	(1 801 263)	(1 556 686)
Discount received 2016: (5%) 2015:(7.5%)	(94 803)	(126 218)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Current year audit fee: Auditor General	2 310 176	2 969 160
Current year audit fee: Audit committee	98 552	91 706
Amount paid - current year	(2 407 189)	(3 052 655)
	<u>1 539</u>	<u>8 211</u>
<b>PAYE, UIF and SDL</b>		
Current year payroll deductions	(25 623 794)	(22 187 069)
Amount paid - current year	25 623 794	22 187 069
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year payroll deductions	(49 685 687)	(46 336 635)
Amount paid - current year	49 685 687	46 336 635
	<u>-</u>	<u>-</u>
Included in medical aid deductions are amounts paid in terms of post employment obligations.		
<b>VAT</b>		
VAT receivable	4 383 748	1 371 244

All VAT returns have been submitted by the due date throughout the year.



# Cape Winelands District Municipality

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## Notes to the Financial Statements

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### 40. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, the following amounts are outstanding in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg Municipality as well as the termination and resignation of councillors.

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr P. Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr J.S. Mouton	-	11 359	11 359
Cllr M. Appollis (terminated 08/07/2015)	-	4 286	4 286
Cllr. Mcako (resigned 29/06/2016)	1 138	-	1 138
	<u>1 138</u>	<u>25 960</u>	<u>27 098</u>

During July 2015 the Municipality was informed of Cllr Appollis' termination on 08 July 2016 resulting in the receivable.

During July 2016 the Municipality was informed of Cllr Mcako's resignation on 29 June 2016, resulting in the receivable.

All the other outstanding accounts have been handed over to our debt collectors during the 2015 / 2016 financial year and summons has been issued where possible to ensure the recovery of the said debt.

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr P. Heradien (resigned 10/12/2014)	10 315	-	10 315
Cllr. J.S. Mouton	11 359	-	11 359
	<u>21 674</u>	<u>-</u>	<u>21 674</u>

Only during May 2015, the Municipality managed to confirm the grading of the above mentioned municipality and raised the receivable accordingly; hence the arrear amounts is not yet 90 days outstanding.

#### Particulars of non-compliance

**a) Supply Chain Management Regulation 44 determines that the supply chain management policy of a municipality must, irrespective of the procurement process followed, state that the municipality may not make any award to a person, director, manager, principal shareholder or stakeholder who is in the service of the state.**

2016: No awards were made to a person, director, manager, principal shareholder or stakeholder in service of the state based on false declarations by the suppliers for the 2015/2016 year.

2015: Two awards were made to a person, director, manager, principal shareholder or stakeholder in service of the state based on false declarations by the suppliers for the 2014/2015 financial year.

#### Incident

Geldenhuis Slagtery (Pty) Ltd: Payment made in contravention of regulation 44	-	7 337
Tyebile trading 16 CC t/a Swann's Bus Services: Payment made in contravention of regulation 44	-	93 600
	<u>-</u>	<u>100 937</u>

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**40. Additional disclosure in terms of Municipal Finance Management Act (continued)**

The internal controls implemented entails the maintenance of a database by the Municipality of all owners/ partners/ members/ directors/ trustees/ officials/ councillors which links to the supplier database. Information is provided on a monthly basis to Provincial Treasury that matches identity numbers electronically against the government payroll system to identify any suppliers who actually work for government. Municipalities also provide their employee and councillor payroll information on a monthly basis to be included in the test.

**41. Reconciliation between budget and annual financial statements**

Reconciliation of variances between budget statement and the approved budget.

**Statement of financial performance**

Total transfers revenue(Amount as per budget statement)	229 577 792	-
Upgrade of rural roads	(381 002)	-
Public contributions and donations	(21 750)	-
	<u>229 175 040</u>	<u>-</u>

Upgrade of rural roads and public contributions and donations was mapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

Other revenue (Amount as per budget statement)	2 492 610	-
Contribution to private land owners	(1 000 000)	-
<b>Amount as per final approved budget</b>	<u>1 492 610</u>	<u>-</u>

Contribution to Private Land Owners was mapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

Contribution to Private Land Owners	1 000 000	-
Upgrade of rural roads	381 002	-
Public contributions and donations	21 750	-
<b>Amount as per final approved budget</b>	<u>1 402 752</u>	<u>-</u>

Upgrade of rural roads and public contributions and donations was mapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

Debt impairment (Amount as per budget statement)	125 800	-
Debt impairment	114 000	-
<b>Amount as per final approved budget</b>	<u>239 800</u>	<u>-</u>

The provision of funds for debt impairment was not sufficient due to the following reasons: The provision of funds was appropriated based upon past trends and collections success rates. The collection attorney advised that most of the handed over fire fighting accounts be written off.

Depreciation (Amount as per budget statement)	9 700 550	-
Depreciation	395 610	-
<b>Amount as per final approved budget</b>	<u>10 096 160</u>	<u>-</u>

The general expenses appropriation experienced savings due to various reasons and a decision was then taken to appropriate these savings to depreciation due to the under-budgeting thereon

Lease rentals on operating lease (Amount as per budget statement)	-	-
Lease rentals on operating lease	471 480	-
<b>Amount as per final approved budget</b>	<u>471 480</u>	<u>-</u>

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### 41. Reconciliation between budget and annual financial statements (continued)

Lease rentals on operating leases were remapped from general expenditure to adhere to the standards of GRAP.

Repairs and Maintenance (Amount as per budget statement)	-	-
Repairs and Maintenance	63 085 780	-
<b>Amount as per final approved budget</b>	<b>63 085 780</b>	<b>-</b>

Repairs and maintenance was remapped from general expenses to adhere to the standards of GRAP.

General Expenses (Amount as per Budget Statement)	189 595 706	-
Repairs and Maintenance	(63 085 780)	-
Lease rentals on operating lease	(471 480)	-
Inventories Losses / Write Downs	(306 000)	-
Loss on disposal of PPE	(2 716 540)	-
Bad debt written off	(114 000)	-
Depreciation	(395 610)	-
<b>Amount as per final approved budget</b>	<b>122 506 296</b>	<b>-</b>

The general expenses appropriation experienced savings due to various reasons and a decision was then taken to appropriate these savings to Debt impairment, Depreciation and Loss on disposal of assets due to the under-budgeting thereon.

Inventories Losses / Write Downs (Amount as per budget statement)	-	-
Inventories Losses / Write Downs	306 000	-
<b>Amount as per final approved budget</b>	<b>306 000</b>	<b>-</b>

Inventories Losses / Write Downs was remapped from general expenses to adhere to the standards of GRAP.

Loss on disposal of assets and liabilities (Amount as per budget statement)	209 860	-
Loss on disposal of assets and liabilities	2 716 540	-
<b>Amount as per final approved budget</b>	<b>2 926 400</b>	<b>-</b>

The general expenses appropriation experienced savings due to various reasons and a decision was then taken to appropriate these savings to loss on disposal of assets due to the under-budgeting thereon

### Statement of financial position

Trade and other payables from exchange transactions (Amount as per budget statement)	11 000 000	-
Unspent conditional grants	(4 000 000)	-
<b>Amount as per final approved budget</b>	<b>7 000 000</b>	<b>-</b>

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP.

Unspent Conditional Grants (Amount as per budget statement)	-	-
Unspent Conditional Grants	4 000 000	-
<b>Amount as per final approved budget</b>	<b>4 000 000</b>	<b>-</b>

Revaluation reserve (Amount as per budget statement)	102 459 654	-
Capital Replacement Reserve	78 829 019	-
<b>Amount as per final approved budget</b>	<b>181 288 673</b>	<b>-</b>

Capital Replacement Reserve was remapped to adhere to the standards of GRAP



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**41. Reconciliation between budget and annual financial statements (continued)**

**Cashflow statement**

Suppliers and Employees (Amount as per budget statement)	380 242 298	-
Remuneration to councillors	(11 853 220)	-
Suppliers	(179 975 342)	-
Employee Cost	(188 413 736)	-
<b>Amount as per final approved budget</b>	<b>-</b>	<b>-</b>

Remuneration to councillors, Employee cost and Suppliers was remapped to adhere to the standards of GRAP.

Employee cost (Amount as per budget statement)	-	-
Employee cost	188 413 736	-
<b>Amount as per final approved budget</b>	<b>188 413 736</b>	<b>-</b>

Employee cost was remapped to adhere to the standards of GRAP.

Remuneration of councillors (Amount as per budget statement)	-	-
Remuneration of councillors	11 853 220	-
<b>Amount as per final approved budget</b>	<b>11 853 220</b>	<b>-</b>

Remuneration of councillors was remapped to adhere to the standards of GRAP.

Suppliers (Amount as per budget statement)	-	-
Suppliers	179 975 342	-
<b>Amount as per final approved budget</b>	<b>179 975 342</b>	<b>-</b>

Suppliers was remapped to adhere to the standards of GRAP.

**42. Disclosures in terms of the Municipal Supply Chain Management Regulations- promulgated by Government Gazette 27636 dated 30 May 2005**

**Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)**

2016	Total Value	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	1 700 322	-	28	112	-
August	2 798 877	2	37	50	-
September	1 597 314	3	45	85	-
October	1 336 714	-	22	74	-
November	1 665 119	-	44	68	-
December	959 897	1	7	55	-
January	657 556	2	8	55	-
February	948 465	-	4	46	-
March	803 820	-	11	39	-
April	580 605	-	12	39	-
May	450 045	-	20	18	-
June	1 999 972	-	3	128	-
	<b>15 498 706</b>	<b>8</b>	<b>241</b>	<b>769</b>	<b>-</b>

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### 42. Disclosures in terms of the Municipal Supply Chain Management Regulations- promulgated by Government Gazette 27636 dated 30 May 2005 (continued)

2015	Total Value	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	1 945 435	-	45	89	-
August	655 415	-	41	20	-
September	1 833 808	-	66	83	-
October	1 719 853	1	50	21	-
November	1 190 961	-	68	77	-
December	864 895	1	16	62	-
January	1 874 575	2	27	80	-
February	1 131 035	-	51	49	-
March	1 874 844	-	47	121	-
April	1 246 645	-	29	71	-
May	1 546 804	-	24	82	-
June	2 275 411	-	33	109	-
	<b>18 159 681</b>	<b>4</b>	<b>497</b>	<b>864</b>	<b>-</b>

An amount of R 9,1 million relating to contracts and agreements entered into before the inception of the Supply Chain Management Policy of the Municipality was omitted from the relevant deviation disclosure in the 2014/2015 financial year due to a misperception that the contracts relating to the said expenditure does not constitute deviations. However, at a SCM Forum held in May 2016, the Auditor General clarified this misperception to indicate that irrespective of the legality of such contracts, the award remains a deviation.

**Regulation 45** - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in service of the state, or has been in the service of the state in the previous twelve months.

Supplier	Relationship	Organ of State/ Municipality	2016	2015
AE Human t/a Astra Catering	Child	CWDM - L Burger Municipal Health Services	241 045	104 958
Altimax (Pty) Ltd	Spouse	Department of Higher Education and Training	36 480	557 400
Ajee Consultancy CC	Spouse	South African Police Service	35 455	45 515
Aurecon South Africa (Pty) Ltd	Spouse	Various relationships to owner	272 278	511 722
BK Enterprises	Spouse	Department of Agriculture	15 400	14 400
CE Minnaar t/a Exquisite High Tea	Son/ Daughter in law	CWDM - C.Roland: Financial Services	105 749	84 860
Creative Minds Worcester	Spouse	Western Cape Education Department	-	30 232
D Uren Vibracrete	Child	Drakenstein Municipality - Z.Ajam	-	27 420

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### 42. Disclosures in terms of the Municipal Supply Chain Management Regulations- promulgated by Government Gazette 27636 dated 30 May 2005 (continued)

Essential Office Supplies CC	Spouse	Western Cape Education Department	6 119	-
JC De Wet	Brother/ Sister	CWDM - F.van Schalkwyk: Municipal Health Services	-	464
J Walters t/a JC Travel	Spouse	Western Cape Education Department	30 600	42 200
JC Refrigeration Cape CC	Spouse	South African Police Service	7 797	207 335
KR Jansen Bouers	Spouse	Western Cape Education Department	-	14 527
Kleinplasie Restaurant	Spouse	CWDM - Johan Botha: Municipal Health Services	1 200	29 688
Lumber & Lawn (Pty) Ltd	Spouse	Western Cape Education Department	22 232	88 875
M & N Bakwerke CC	Borther/ Sister	CWDM - E.Niemand: Financial Services	50 305	10 278
Mas Catering	Spouse	Correctional Services - Hawequa Prison	-	2 250
Moreson Grondverskuiwers Bk	Child	Department of Health	11 516 130	3 217 073
Mubeko Africa CC	Spouse	Department of Health	39 052	401 850
Pestec CC	Spouse	Department of Health	3 591	-
Piston Power Chemicals CC	Spouse	Western Cape Education Department	150 056	248 093
Safetech	Spouse	City of Cape Town	-	72 390
SMEC South Africa (Pty) Ltd	Spouse	Y Phosa - MEC: Economic Development	127 680	88 920
Solomon Funerals	Spouse	Not Specified	1 500	7 500
Sulaiman Pietersen	Parent	Drakenstein Municipality - Councillor	-	76 928
TB Van Der Merwe t/a VDM Busdiens	Child	South African Police Service	35 600	111 100
The Business Zone 932 CC t/a JLM24 Service	Spouse	Western Cape Education Department	40 679	19 742
Vallei Auto Herstelwerke (Pty) Ltd	Child	CWDM - J Mostert: Roads Division	53 331	50 981



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<b>42. Disclosures in terms of the Municipal Supply Chain Management Regulations- promulgated by Government Gazette 27636 dated 30 May 2005 (continued)</b>				
Valley Funerals	Spouse	Western Cape Education Department	12 000	13 500
While It's Day	Spouse	National Home Builders Registration Council	1 820	-
			<b>12 806 099</b>	<b>6 080 201</b>

The particulars of the contract awarded to Moreson Grondverskuiwers BK were omitted from the 2014/2015 financial year disclosure due to the fact that the said service provider did not complete such required particulars on the relevant declaration form. The 2015 amount is restated to correct the said omission.

### 43. Commitments

#### Commitments in respect of capital expenditure

##### Approved and contracted for

- Property, plant and equipment

##### Total capital commitments

2 498 177

2 498 177

The capital commitment relates to the late delivery of the IVECO Trakker 380 chassis - tender no 2015/060.

The production scheduling in Italy was affected by the fact the European countries are converting from Euro 5 to Euro 6 fuel in June 2016. This meant that the demand for Euro 5 units to be supplied before the deadline, increased beyond available production capacity causing allocation of production slots to be pushed out.

### 44. Contingencies

#### Contingent liabilities

(i) 2016: The status of the delictual claim for damages in the amount of R451 000 remains the same as reported on in the previous year. Specifically that at the pre-trial conference it was decided that the matter be transferred from the High Court to the Magistrate's Court with the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending.

*(2015: Delictual claim for damages in the amount of R451 000. At the pre-trial conference it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. This process is currently pending.)*

(ii) 2016: The status of the summons for damages caused by a veldfire that occurred on 7 January 2012 at the Calabash property in Wellington from MTO Forestry against the Municipality as second defendant together with 10 other defendants remains the same as reported on in the previous year. The combined summons amount for defendants jointly and severally, the one paying the others to be absolved, is as follows: Payment of the sum of R7 836 472, interest on this amount calculated at 15.5% per annum from 10 January 2012 to 31 July 2014 and calculated at 9% per annum from 1 August 2014 to date. Also, including the cost of suit and further and/or alternative relief. The disclosure of the value of the latter is not possible as it is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions.

*(2015: MTO Forestry summonsed the Municipality as second defendant together with 10 other defendants for damages caused by a veldfire that occurred on 7 January 2012 at the Calabash property in Wellington. The combined summons amount for defendants jointly and severally, the one paying the others to be absolved, is as follows: Payment of the sum of R7 836 472, interest on this amount calculated at 15.5% per annum from 10 January 2012 to 31 July 2014 and calculated at 9% per annum from 1 August 2014 to date. Also, including the cost of suit and further and/or alternative relief.)*

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### 44. Contingencies (continued)

(iii) 2016: The status of the Claim received from Kemp, Nabal & Associates on 29 April 2015 in respect of the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality remains the same as reported on in the previous year. It was stated that they are still in the process to quantify the damages of Mrs Cordy and her 3 children. The Municipality's insurance brokers are dealing with this claim on its behalf. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

*(2015: Claim received from Kemp, Nabal & Associates on 29 April 2015 in respect of the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality. Mrs Cordy's husband (Mr Albert van Schalkwyk) died on 20 September 2012 in a motor cycle accident on the Annandale Road, Stellenbosch, allegedly due to a pothole in the road. It was stated that they are still in the process to quantify the damages of Mrs Cordy and her 3 children. The Municipality's insurance brokers are dealing with this claim on its behalf.)*

(iv) 2016: The status of the summons received for D Ladopoulos' car: CA30330, that was allegedly damaged because of a pothole at or near Van Riebeeck Road, Rawsonville on or about 4 March 2012 remains the same as reported on in the previous year. The amount of the claim is R 15 481.58 plus 15.5% interest per annum from date of demand to the date of payment. The Municipality's insurance brokers are dealing with this claim on its behalf.

*(2015: Summons received for D Ladopoulos' car: CA30330, that was allegedly damaged because of a pothole at or near Van Riebeeck Road, Rawsonville on or about 4 March 2012. The amount of the claim is R 15 481.58 plus 15.5% interest per annum from date of demand to the date of payment. The Municipality's insurance brokers are dealing with this claim on its behalf.)*

### Contingent assets

(i) The Municipality is still awaiting the outcome of 35 insurance claims that was not concluded at 30 June 2016. The claims are not specific to the 2015/2016 financial year.

*(The Municipality is still awaiting the outcome of 21 insurance claims that was not concluded at 30 June 2015. The claims are not specific)*

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

### 45. Related parties

The following related parties exist:

National Treasury

Provincial Government Western Cape

National Department of Environmental Affairs.

Municipal Manager (M. Mgajo)

Chief Financial Officer ( F.A. Du Raan-Groenewald)

Executive Director: Community Development and Planning Services ( C.V. Schroeder)

Executive Director: Technical Services ( F.A. van Eck)

Ald. C.A. De Bruyn (Executive Mayor)

Cllr. C. Meyer (Speaker)

Cllr. H.M. Jansen (Deputy Executive Mayor)

Ald. (Dr.) N.E. Kahlberg

Cllr. R. B. Arnolds

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### 45. Related parties (continued)

Cllr. G.J. Carinus

Cllr. J.J. Du Plessis

Cllr. X.L. Mdemka

Cllr. J.S Mouton

Cllr. J.R.F. Torr

Cllr. H. Von Schlicht

Cllr. J.J. Abrahams

Cllr. M.B. Appolis (terminated 08/07/2015)

Cllr. M.N. Bushwana

Cllr. C.C. Brink

Cllr. W.L. Chaaban

Cllr. A. Crombie

Cllr. J.B. Cronje

Cllr. C. Damens

Cllr. D. Swart

Cllr. Z.L. Gwada

Cllr. N.D. Hani

Cllr. D.A. Hendrickse

Cllr. D.B. Janse

Cllr. X. Kalipa

Cllr. B.J. Kriegler

Cllr. P. Marran

Cllr. J. Matthee

Cllr. C. Mcako (resigned 29/06/2016)

Cllr. J.K. Hendriks

Cllr. L.W. Niehaus

Cllr. S.W. Nyamana

Cllr. S. Ross

Cllr. L.N. Sikwamisa

Cllr. G. Stalmeester



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### 45. Related parties (continued)

Cllr. M.S. Tayitayi

Cllr. J.D.F. Van Zyl

Cllr. M.H. Yabo

Cllr. CC van der Westhuizen (appointed 01/10/2015)

Cllr. A.F. Africa

Cllr. E.S.C. Matjan

The salaries and remuneration of key management and councillors are disclosed in notes 24 & 25 of the Annual Financial Statements.

The Provincial Government Western Cape provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organisational structure, staff establishment and cost of employment is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs responsible for the execution of the roads function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

### Related party transactions

#### Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

Cllr (Dr) H Von Schlicht serves as a Director from 21 October 2010 at Hugonote College. Cllr (Dr) H von Schlicht has been designated by the Executive Mayor to serve on the Mayoral Bursary Fund Committee which has been established in order to ensure efficiency and transparency. As a member of the Mayoral Bursary Fund Committee her role was to, together with the other Mayoral Bursary Fund Committee members, assess and evaluate the list of bursary applications in terms of the Mayoral Bursary Fund policy and to make bursary award recommendations to the Executive Mayor for final approval as well as also to evaluate the progress and performance of students. Payments in respect of Mayoral bursary fund allocations was made to a Service Provider of the Municipality, Hugonote College.

Opening balance	-	-
Allocation to Hugonote College on behalf of beneficiaries	36 000	-
Payments made to Hugonote College	(36 000)	-
Outstanding balance	-	-

Relatives of employees of CWDM were awarded bursaries in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy. Particulars are disclosed in a separate annexure to the financial statements, Annexure B.

Particulars of benefits in terms of the Local Government: Municipal Systems Act 32 of 2000, Schedule 1. 5(2) and Schedule 2. 5(1), in respect of business associations is disclosed in a separate annexure to the financial statements, Annexure C.

# Cape Winelands District Municipality

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## Notes to the Financial Statements

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### 46. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10% and R10 000.

#### Statement of Financial Position

##### Assets

##### Current Assets

##### Cash and Cash Equivalents

Investments and return on investments were much higher than anticipated due to increased interest rates and the realisation of a surplus.

##### Other receivables from exchange transactions

The accrued interest is more than anticipated due to an interest rate increase as well as an increased cash reserve invested.

##### Inventories

The variance is due to the fact that the Municipality effected saving measures on the use of stores consumables.

##### Vat receivable

SARS conducted a VAT audit that was only finalised after year end hence no VAT claims was paid to the municipality as expected.

##### Employee benefit: Long term receivable

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and the past experience hereon, funds are made available to maintain the approved organogram of the roads division in the municipality. The future claim for the provision for post employment medical aid has therefore been raised as a long term receivable. The actuarial valuation was less than anticipated.

##### Non-Current Assets

##### Property, plant and equipment

The variance is due to the fact that only 43% of the capital budget realised as a result of non-responsive bids as well as time constraints. Many of the fire fighting equipment is specialised and can only be purchased abroad resulting in unforeseen delays. Savings, as a result of the Input Vat claimed on acquisitions also contributed to the said underspending.

##### Intangible Assets

The acquisition of software cost was more than anticipated.

##### Employee benefit: Long term receivable

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and the past experience hereon, funds are made available to maintain the approved organogram of the roads division in the municipality. The future claim for the provision for post employment medical aid has therefore been raised as a long term receivable. The actuarial valuation was less than anticipated.

**Notes to the Financial Statements**Figures in Rand

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**46. Actual operating expenditure versus budgeted operating expenditure (continued)****Liabilities****Current Liabilities****Finance lease obligation**

Anticipated policy changes were effected, however the effect of the phase out of the current policy were not considered in the budget process. The municipality is phasing out the use of cellphone contracts and replacing it with cellphone allowances. The effect of the phase out will reflect going forward.

**Unspent Conditional Grants**

The Municipality made use of past trends and this led to under estimation on Unspent Conditional Grants. Additional funds were received in the second half of the year and a large amount relate to multi year projects.

**Trade and other payables from exchange transactions**

Additional provision was made for the Roads Agency payable due to differences in year ends between the Municipality and Provincial Government. The budgeted amount was based on the fact that the Municipality normally receives a transfer from the Department of Public Transport close to the financial year end. This was not the case during the 2015/2016 financial year and resulted in an over appropriation.

**Employee Benefits**

The Calculation that is made for the Future Medical Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

**Non-Current Liabilities****Finance lease obligation**

Refer to comment above

**Operating lease liability**

The budget preparation did not consider operating leases.

**Employee Benefits**

The Calculation that is made for the Future Medical Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

**Net Assets****Revaluation Reserve**

Variance as a result of the prior period error on the revaluation of PPE.

**Accumulated Surplus**

Variance as result of savings on employee related cost as well as general expenditure. Actuarial gain ssignificantly more than anticipated.



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## Notes to the Financial Statements

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### 46. Actual operating expenditure versus budgeted operating expenditure (continued)

#### Statement of Financial Performance

##### Revenue from exchange transactions

##### Service Charges

Service Charges mainly relate to fire fighting service accounts. During the 2015/2016 financial year the Cape Winelands District experienced an abnormal fire season resulting in increased service charges.

##### Rental of Facilities and Equipment

Rental Income was over budgeted. The Municipality expected to rent out buildings, but did not follow through.

##### Agency Services

Funds is transferred from Provincial Government only after the municipality has submitted claims. Additional funding was received in February and due to time constraints the municipality was unable to spend all the funds; hence the under spending.

##### Other Income

Other Income mainly consists of Income the Municipality does not have control over, hence cannot be accurately projected. The Income consists of various sources such as insurance income, municipal health income, solar panels (farms) etc.

##### Interest received - investment

During the 2015/2016 financial year approximately 85% of the budget was spent. This resulted in more funds being available for investing during the year which increased finance income. In addition interest rate increases were a further contributing factor.

##### Revenue from non-exchange transactions

##### Transfer revenue

##### Government Grants and Subsidies

The variance relates to multi year projects that have been rolled-over to the 2016/2017 financial year.

##### Public Contributions and Donations

Less funding were received from private land owners for the installation of solar warmwater units than budgeted for.

##### Expenditure

##### Employee Related Cost

A large portion of the variance relates to interest allocated in respect of future liabilities and service cost in respect of medical aid liabilities which is a complex calculation that cannot always be accurately estimated. Vacancies in respect of the Roads function vacancies were only filled towards the end of the year. Furthermore, the recovery of future medical aid contributions from Province was set off against the concomitant receivable.

##### Remuneration of Councillors

Past trends in increases was used in estimations, however increases was less than anticipated.

##### Depreciation and Amortisation

The variance in depreciation is due to the fact that only 43% of the Capital budget for 2015/2016 realised.

## **Notes to the Financial Statements**

Figures in Rand

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### **46. Actual operating expenditure versus budgeted operating expenditure (continued)**

#### **Finance Cost**

Anticipated policy changes were effected, however the effect of the phase out of the current policy were not considered in the budget process. The new policy replaces cellphone contracts with cellphone allowances.

#### **Lease rentals on operating lease**

Past trends in increases was used in estimations, however increases was less than anticipated.

#### **Debt Impairment**

Due to the inability to collect all fire fighting accounts the municipality had to impair a large number of fire fighting accounts.

#### **Repairs and Maintenance**

Additional funds were received in the second half of the year for the Roads function which resulted in underspending.

#### **General Expenses**

This expenditure category consists of various items. A large portion of the expenditure is classified as projects, and reflects a saving of R3.8 million. Due to grant funding received in the latter part of the year and non-responsive bids R6.6 million will be rolled over to the next financial year. Additional R2million areal fighting expenditure that was anticipated was not incurred due to unexpected rains. VAT claimed on expenditure further added to this underspending.

#### **Cashflow statement**

##### **Sale of goods and services**

Refer to reasons provided above.

##### **Grants**

Refer to reasons provided above.

##### **Interest Income**

Refer to reasons provided above.

##### **Employee cost**

Refer to reasons provided above.

##### **Suppliers**

Refer to reasons provided above.

##### **Finance cost**

Refer to reasons provided above.

##### **Other payments: Remuneration to councillors**

Refer to reasons provided above.

##### **Purchase of property, plant and equipment**

Refer to reasons provided above.

## Notes to the Financial Statements

Figures in Rand

### 46. Actual operating expenditure versus budgeted operating expenditure (continued)

#### Proceeds on sale of assets

Refer to reasons provided above.

#### Purchase of Intangible assets

Refer to reasons provided above.

#### Finance lease payments

Refer to reasons provided above.

### 47. Prior period comparative note

In the previous financial year certain expenditure items included in other expenditure as per subnote other expenditure, have been reallocated within general expenditure to better reflect the nature of such expenses.

This change does not represent a change in accounting policy, correction of error or reclassification.

The following items were previously included in other expenditure:

Emergency aid	-	32 502
Cash handling	-	48 627
Year- end function	-	74 316
Supplier verification	-	40 625
Program changes	-	51 372
Stakeholder workshops	-	125 495
Website development and maintenance	-	60 000
Disciplinary hearings	-	159 569
Community development workers	-	120 784
ID campaign	-	24 430
Pool championship	-	120 000
Cape Winelands biosphere reserve	-	150 000
Workshops	-	97 055
Contribution; Academy of learning	-	21 460
Hiring of Sandhills toilets	-	352 779
IDP project	-	63 788
Video/ DVD	-	46 200
Trade Union (Imatu)	-	40 477
Trade Union (SAMWU)	-	48 279
Trade Union: Representation	-	38 587
Other expenses	-	255 378
	-	<u>1 971 723</u>



DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Annexure A

Description	2015/16							2014/15				
	Original Budget	Budget Adjustments (L.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	165	-	155	2 503	-	2 338	1518.9%	1518.9%	-	-	-	-
Investment revenue	34 900	(416)	34 545	43 014	-	8 469	124.5%	123.0%	-	-	-	-
Transfers recognised - operational	228 448	3 130	229 578	222 733	-	(6 845)	97.0%	98.4%	-	-	-	-
Other own revenue	108 716	28 824	135 640	118 383	-	(17 257)	87.3%	110.9%	-	-	-	-
	369 289	31 639	399 927	298 633	-	(13 294)	96.7%	105.0%	-	-	-	-
Total Revenue (excluding capital transfers and contributions)												
Employee costs	184 959	3 404	188 414	155 554	-	(32 859)	82.6%	84.1%	-	-	-	-
Remuneration of councillors	11 947	(94)	11 853	10 770	-	(1 074)	90.9%	90.2%	-	-	-	-
Debt impairment	-	128	240	240	-	(0)	99.9%	190.5%	-	-	-	-
Depreciation & asset impairment	7 983	2 113	10 098	9 686	-	(210)	97.9%	123.8%	-	-	-	-
Finance charges	29	-	29	2	-	(26)	7.6%	7.6%	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	163 264	28 042	190 298	164 391	-	(24 805)	86.0%	100.7%	-	-	-	-
Total Expenditure	369 289	31 639	399 927	340 852	-	(58 075)	85.2%	92.6%	-	-	-	-
Surplus/(Deficit)	-	-	-	45 781	-	45 781	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	45 781	-	45 781	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	45 781	-	45 781	-	-	-	-	-	-
Capital expenditure & funds sources												
Capital expenditure	1 104	246	1 350	419	-	(931)	31.0%	37.9%	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 085	(7 416)	9 667	4 339	-	(5 326)	44.9%	25.4%	-	-	-	-
Total sources of capital funds	18 189	(7 172)	11 017	4 758	-	(6 259)	43.2%	26.2%	-	-	-	-
Cash flows												
Net cash from (used) operating	3 106	13 270	21 378	70 638	-	49 259	300.4%	871.1%	-	-	-	-
Net cash from (used) investing	(118 189)	7 172	(11 017)	(4 744)	-	6 273	43.1%	28.1%	-	-	-	-
Net cash from (used) financing	-	-	-	(28)	-	(28)	803/0%	100/0%	-	-	-	-
Cash/ cash equivalents at the year end	462 016	20 442	482 457	568 994	-	87 526	118.1%	123.4%	-	-	-	-

DC2 Cape Winelands DLM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2015/16					2014/15						
	Original Budget	Budget Adjustments (i.e. MFMA s20)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
<b>Revenue - Standard</b>	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
Governance and administration	254 838	1 960	256 800	261 534		7 622	102.2%	103.3%				
Executive and council	41 167	(415)	40 752	40 003		0 851	92.7%	100.0%				
Budget and treasury office	213 272	2 005	215 278	213 705		(1 574)	99.3%	100.3%				
Corporate services	486	377	876	627		(249)	71.6%	125.7%				
Community and public safety	6 013	(140)	5 853	5 387		(466)	92.0%	89.6%				
Community and social services	72	19	91	49		(43)	53.9%	67.9%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	175	-	175	2 503		2 328	1428.6%	1428.6%				
Housing	6 526	(229)	5 297	2 493		(2 804)	47.1%	45.1%				
Health	239	50	288	342		53	118.4%	143.1%				
Economic and environmental services	107 315	28 780	137 015	119 940		(18 075)	88.8%	110.8%				
Planning and development	1 343	-	1 343	986		(357)	73.4%	73.1%				
Road transport	101 869	29 720	131 589	115 919		(15 671)	88.1%	113.8%				
Environmental protection	4 113	-	4 113	2 036		(2 078)	49.5%	49.5%				
Trading services	-	-	-	-		-	-	-				
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
Other	23	129	154	163		9	108.8%	696.9%				
<b>Total Revenue - Standard</b>	<b>366 289</b>	<b>31 629</b>	<b>397 917</b>	<b>389 424</b>		<b>(11 994)</b>	<b>97.7%</b>	<b>105.3%</b>				
<b>Expenditure - Standard</b>												
Governance and administration	127 333	(23 172)	104 161	83 943	(21 218)	(21 218)	79.6%	63.1%				
Executive and council	39 162	(3 973)	35 189	22 074	(13 115)	(13 115)	62.7%	56.4%				
Budget and treasury office	24 636	(255)	24 381	20 057	(4 284)	(4 284)	82.4%	61.4%				
Corporate services	63 525	(18 803)	44 631	40 813	(3 819)	(3 819)	91.4%	64.2%				
Community and public safety	119 431	13 022	132 453	115 929	(16 524)	(16 524)	87.5%	97.1%				
Community and social services	13 069	4 165	17 234	14 756	(2 478)	(2 478)	85.6%	112.9%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	56 165	6 061	62 226	55 283	(6 943)	(6 943)	88.1%	100.2%				
Housing	19 100	(2 214)	16 886	12 317	(3 570)	(3 570)	77.5%	68.0%				
Health	33 082	4 230	37 312	30 571	(3 741)	(3 741)	90.0%	101.5%				
Economic and environmental services	116 463	41 243	157 706	138 260	(19 446)	(19 446)	87.7%	116.9%				
Planning and development	8 817	750	9 567	8 493	(1 074)	(1 074)	90.0%	96.0%				
Road transport	103 020	40 211	143 231	128 038	(17 193)	(17 193)	88.0%	122.3%				
Environmental protection	4 826	272	5 098	3 746	(1 352)	(1 352)	73.5%	77.7%				
Trading services	-	-	-	-		-	-	-				
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
Other	5 091	539	5 630	5 491	(139)	(139)	96.1%	106.5%				
<b>Total Expenditure - Standard</b>	<b>368 280</b>	<b>31 629</b>	<b>399 909</b>	<b>383 643</b>	<b>(16 266)</b>	<b>(16 266)</b>	<b>86.7%</b>	<b>93.0%</b>				
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65 781</b>	<b>46 781</b>	<b>46 781</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2015/16						2014/15					
	Original Budget	Budget Adjustments (f.f.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	5 479	-	5 479	3 072		(2 407)	56.1%	56.1%				
Vote 2 - COMM AND DEV	414	50	464	2 845		2 381	613.1%	687.2%				
Vote 3 - ENGINEERING	6 557	1 301	7 858	3 465		(4 393)	44.1%	52.8%				
Vote 4 - RURAL AND SOCIAL	72	19	91	49		(43)	53.5%	67.8%				
Vote 5 - OFFICE OF THE MM	-	507	507	179		(328)	35.3%	ND/0%				
Vote 6 - FINANCIAL SERVICES	213 272	2 006	215 278	213 705		(1 574)	99.3%	100.2%				
Vote 7 - CORPORATE SERVICES	41 535	(415)	41 120	50 050		8 930	121.7%	120.5%				
Vote 8 - ROADS AGENCY	100 959	28 170	129 129	115 059		(14 070)	88.1%	114.0%				
Vote 9 - TASK	-	-	-	-		-	-	-				
Vote 10 - HEALTH AGENCY	-	-	-	-		-	-	-				
Vote 11 - CORPORATE SERVICES	-	-	-	-		-	-	-				
Example 12 - Vote 12	-	-	-	-		-	-	-				
Example 13 - Vote 13	-	-	-	-		-	-	-				
Example 14 - Vote 14	-	-	-	-		-	-	-				
Example 15 - Vote 15	-	-	-	-		-	-	-				
<b>Total Revenue by Vote</b>	<b>368 289</b>	<b>31 639</b>	<b>399 927</b>	<b>308 424</b>		<b>(11 504)</b>	<b>97.1%</b>	<b>105.5%</b>				
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	18 505	1 224	19 728	16 920		(2 809)	85.8%	91.4%				
Vote 2 - COMM AND DEV	88 245	11 091	99 336	88 854		(10 484)	89.4%	100.7%				
Vote 3 - ENGINEERING	36 281	(5 951)	30 331	23 851		(6 480)	78.6%	65.7%				
Vote 4 - RURAL AND SOCIAL	13 085	4 155	17 240	14 758		(2 482)	85.6%	112.8%				
Vote 5 - OFFICE OF THE MM	7 325	2 080	9 406	7 233		(2 173)	76.9%	98.7%				
Vote 6 - FINANCIAL SERVICES	74 635	(2 295)	72 340	70 057		(2 284)	96.4%	81.4%				
Vote 7 - CORPORATE SERVICES	83 807	(22 295)	61 513	47 771		(13 741)	77.7%	57.0%				
Vote 8 - ROADS AGENCY	89 327	39 803	129 129	115 317		(13 812)	89.3%	123.1%				
Vote 9 - TASK	-	-	-	-		-	-	-				
Vote 10 - HEALTH AGENCY	-	-	-	-		-	-	-				
Vote 11 - CORPORATE SERVICES	7 074	1 628	8 702	7 882		(820)	89.5%	111.4%				
Example 12 - Vote 12	-	-	-	-		-	-	-				
Example 13 - Vote 13	-	-	-	-		-	-	-				
Example 14 - Vote 14	-	-	-	-		-	-	-				
Example 15 - Vote 15	-	-	-	-		-	-	-				
<b>Total Expenditure by Vote</b>	<b>368 289</b>	<b>31 639</b>	<b>399 927</b>	<b>342 643</b>		<b>(57 284)</b>	<b>85.7%</b>	<b>93.0%</b>				
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>45 781</b>		<b>45 781</b>						



DC2 Cape Wineyards DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2015/16					2014/15						
	Original Budget	Budget Adjustments (A/c. MFMA c28)	Final adjustments budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Reconciled Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	155	-	165	2 533	-	2 338	1518.9%	1518.9%	-	-	-	-
Service charges - other	127	-	127	100	-	(27)	79.0%	79.0%	-	-	-	-
Rent of facilities and equipment	34 950	(453)	34 546	43 014	-	8 469	123.5%	123.0%	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fees	-	-	-	5	-	5	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	103 745	29 214	133 020	115 574	-	(17 446)	86.9%	111.4%	-	-	-	-
Transfers recognised - operational	226 468	3 130	229 579	222 733	-	(6 845)	97.0%	96.4%	-	-	-	-
Other revenue	2 943	(380)	2 463	2 704	-	211	108.5%	95.1%	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>358 289</b>	<b>31 639</b>	<b>399 927</b>	<b>340 633</b>	-	<b>(13 294)</b>	<b>93.4%</b>	<b>104.6%</b>	-	-	-	-
<b>Expenditure By Type</b>												
Employee related costs	194 920	3 464	198 411	155 554	-	(22 858)	82.6%	84.1%	-	-	-	-
Remuneration of councillors	11 947	(54)	11 853	9 179	-	(1 074)	80.3%	90.2%	-	-	-	-
Debt impairment	326	114	240	240	-	(0)	99.5%	100.5%	-	-	-	-
Depreciation & asset impairment	7 903	2 113	10 095	9 066	-	(210)	97.5%	122.6%	-	-	-	-
Finance charges	20	-	29	2	-	(26)	7.6%	7.6%	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-
Controlled services	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	162 256	24 103	186 377	161 479	-	(24 891)	86.6%	99.0%	-	-	-	-
Loss on disposal of PPE	589	1 539	2 925	2 912	-	(14)	99.5%	254.8%	-	-	-	-
<b>Total Expenditure</b>	<b>348 289</b>	<b>31 639</b>	<b>399 927</b>	<b>340 633</b>	-	<b>(59 879)</b>	<b>93.4%</b>	<b>92.6%</b>	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>10 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers recognised - capital	-	-	-	45 781	-	45 781	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>10 000</b>	<b>0</b>	<b>0</b>	<b>45 781</b>	<b>0</b>	<b>45 781</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after transfers</b>	<b>10 000</b>	<b>0</b>	<b>0</b>	<b>45 781</b>	<b>0</b>	<b>45 781</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Attributable to municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>10 000</b>	<b>0</b>	<b>0</b>	<b>45 781</b>	<b>0</b>	<b>45 781</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Share of surplus/(deficit) of entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>10 000</b>	<b>0</b>	<b>0</b>	<b>45 781</b>	<b>0</b>	<b>45 781</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

DC2 Cape Winelands DM - Reconciliation of Table AS Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2015/16					2014/15						
	Original Budget	Total Budget Adjustments (i.e. MPMA (28))	Fiscal adjustments budget	Actual Outcomes	Unauthorised expenditures	Variance	Actual Outcomes as % of Final Budget	Actual Outcomes as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 22 of MPMA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Sustainable expenditure</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLANNING	35	-	35	35	-	-	100%	100%	-	-	-	-
Vote 2 - COMM AND DEV	5 576	22	5 598	1 410	-	(4 188)	25%	25%	-	-	-	-
Vote 3 - ENGINEERING	3 891	(1 775)	2 116	1 403	-	(713)	66%	36%	-	-	-	-
Vote 4 - RURAL AND SOCIAL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MM	3	(2)	1	1	-	(1)	100%	47%	-	-	-	-
Vote 6 - FINANCIAL SERVICES	3 021	(3 418)	203	138	-	(16)	68%	4%	-	-	-	-
Vote 7 - CORPORATE SERVICES	3 955	(2 245)	1 709	1 349	-	(300)	78%	34%	-	-	-	-
Vote 8 - ROKOS AGENCY	1 104	246	1 350	419	-	(931)	31%	38%	-	-	-	-
Vote 9 - TASK	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - HEALTH AGENCY	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE SERVICES	4	-	4	3	-	(1)	75%	75%	-	-	-	-
Example 12 - Vote 12	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote 13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote 14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote 15	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure	18 188	(7 172)	11 017	4 758	-	(6 259)	43%	28%	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	18 188	(7 172)	11 017	4 758	-	(6 259)	43%	28%	-	-	-	-
<b>Capital Expenditure - Standard</b>												
Governance and administration	11 672	(9 356)	1 816	1 481	-	(435)	78%	12%	-	-	-	-
Executive and council	4	-	4	3	-	(1)	75%	75%	-	-	-	-
Budget and treasury office	3 421	(3 418)	203	138	-	(16)	68%	4%	-	-	-	-
Corporate services	7 849	(6 130)	1 711	1 351	-	(300)	78%	17%	-	-	-	-
Community and public safety	5 576	22	5 598	1 479	-	(4 119)	26%	23%	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	6 540	28	5 577	1 369	-	(4 156)	25%	25%	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Housing	27	(6)	21	21	-	(6)	100%	77%	-	-	-	-
Health	1 138	246	1 383	414	-	(969)	30%	46%	-	-	-	-
Economic and environmental services	38	-	38	38	-	-	100%	100%	-	-	-	-
Planning and development	1 504	246	1 350	419	-	(931)	31%	38%	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	2 116	2 116	1 483	-	(713)	69%	20%	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	18 188	(7 172)	11 017	4 758	-	(6 259)	43%	28%	-	-	-	-
<b>Unfunded</b>												
National Government	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	1 134	246	1 380	419	-	(961)	31%	38%	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	1 504	246	1 350	419	-	(931)	31%	38%	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 285	(1 418)	9 667	4 339	-	(5 328)	45%	25%	-	-	-	-
<b>Total Capital Funding</b>	18 189	(7 172)	11 017	4 758	-	(6 259)	43%	28%	-	-	-	-

DC2 Cape Winelands DM - Reconciliation of Table A7 Budgeted Cash Flows

Annexure A

Description	2015/16							2014/15	
	Original Budget	Budget Adjustments (L/o, s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome	
R thousand	1	2	3	4	5	6	7	8	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
Receipts									
Ratespayers and other	108 880	29 624	138 505	114 251	(22 254)	83.1%	106.9%		
Government - operating	225 443	3 737	230 185	223 779	(6 406)	97.2%	98.8%		
Government - capital	-	-	-	-	-	-	-		
Interest	34 960	-	34 960	40 538	5 578	116.0%	115.0%		
Dividends	-	-	-	-	-	-	-		
Payments									
Suppliers and employees	(360 161)	(20 091)	(380 242)	(307 930)	72 312	81.0%	85.6%		
Finance charges	(29)	-	(29)	-	29	-	-		
Transfers and Grants	-	-	-	-	-	-	-		
<b>NET CASH FROM/USED OPERATING ACTIVITIES</b>	<b>8 109</b>	<b>13 270</b>	<b>21 379</b>	<b>70 638</b>	<b>49 259</b>	<b>330.4%</b>	<b>871.1%</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Receipts									
Proceeds on disposal of PPE	-	-	-	14	14	-	-		
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-		
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-		
Decrease (increase) in non-current investments	-	-	-	-	-	-	-		
Payments									
Capital assets	(18 189)	7 172	(11 017)	(4 759)	6 259	43.2%	25.2%		
<b>NET CASH FROM/USED INVESTING ACTIVITIES</b>	<b>(18 189)</b>	<b>7 172</b>	<b>(11 017)</b>	<b>(4 744)</b>	<b>6 273</b>	<b>43.1%</b>	<b>26.1%</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Receipts									
Short term loans	-	-	-	-	-	-	-		
Borrowing long term/financing	-	-	-	(26)	(26)	-	-		
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-		
Payments									
Repayment of borrowing	-	-	-	-	-	-	-		
<b>NET CASH FROM/USED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(10 080)</b>	<b>20 442</b>	<b>10 362</b>	<b>65 865</b>					
Cash/cash equivalents at the year begin:	472 095	-	472 096	504 118					
Cash/cash equivalents at the year end:	462 016	20 442	482 457	569 984	87 528	118.1%	123.4%		



### Mayoral Bursary Allocations to Relatives of Employees

Relatives of employees of CWDM were awarded bursaries to assist with the funding of tertiary studies. Bursaries were awarded in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy.

	2016	2015
WM Neethling	R 97 890.00	R 70 000.00
SC Magalela		R 16 201.00
FJ Africa		R 14 985.00
K Eland		R 30 000.00
TJ Solomon	R 30 000.00	R 35 000.00
N Bhobhi		R 20 545.00
AC Swanepoel		R 12 330.00
RWB van Wyk	R 30 000.00	R 30 000.00
I van Schalkwyk		R 30 000.00
CT Nkasela		R 30 000.00
RR Gelderbloem		R 21 130.00
LP Woolward	R 16 000.00	R 13 900.00

Disclosure of benefits in terms of the Local Government: Municipal Systems Act 32 of 2000, Schedule 1. 5(2) and Schedule 2. 5(1), in respect of business associations						
SUPPLIER	RELATIONSHIP	DETAIL (INDIRECT RELATION)	THIRD PARTY CONNECTION	2016	2015	
H A CONRADIE & VENNOTE ING	Business Associate	C V SCHROEDER - SNR MANAGER CWDW	NID-NATIONAL INSTITUTE FOR DEAF	1 520	4 560	
MEYER ELECTRICAL AND CONSTRUCTION	Business Associate	CLLR P MARRAN - CWDW / BREEDE VALLEY	BMMX TRADING (PTY) LTD	1 940 575	1 806 550	
				1 944 111	1 813 125	
<p>In terms of Schedule 1. 5(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose full particulars of the benefit of which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make the disclosure; and</p> <p>In terms of Schedule 2. 5(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.</p> <p>Internal controls are effected to identify third party or indirect associations between individuals as envisaged in Schedules 1 par. 5(2) and 2 par. 5(1) of the Municipal Systems Act</p>						

CHAPTER 8: AUDIT COMMITTEE REPORT

Refer to annexure attached.





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*Cape Winelands  
District Municipality*

*Audit Committee:*

**ANNUAL REPORT**

**For the year ended  
30 June 2016**



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## **REPORT BY THE CHAIRPERSON OF THE CWDM AUDIT AND PERFORMANCE COMMITTEE (THE COMMITTEE) FOR THE YEAR ENDED 30 JUNE 2015.**

### **1. INTRODUCTION**

The Audit and Performance Committee consists of four independent members who are all suitably qualified financially literate and who have a good understanding of performance and risk management. The Committee meets at least four times per annum as per The Committee terms of reference.

The Audit and Performance Committee consists of:

Name of member	Meetings attended
Ms BT Daries	5 (Appointed as chair 1 February 2015)
Ms R. Gani	5* (Appointed from 1 February 2015)
Mr CP Clacher	5* (Appointed from 1 February 2015)
Advocate M Mdludlu	6 (Appointed from 1 February 2015)
Ms M Bond-Smith	0 (Appointed from 1 June 2016)

Ms BT Daries resigned from the Audit and Performance Committee from 18 April 2016 as chairperson and as member.

Adv. Mdludlu has acted as chairperson for the meeting held on 20 April 2016 and appointed as chairperson from 1 June 2016.

The new member was appointed from 1 June 2016 and attend the first meeting in July 2016.

\* Applications for leave of absence were received.

### **2. BACKGROUND**

The Committee is a statutory body whose duties and responsibilities are delegated to it by Council. These duties and responsibilities are articulated in The Committee Charter which was approved by Council in compliance with the Municipal Finance Management Act (MFMA).

The overall objective of the committee is to assist the Council in discharging its duties relating to, amongst others, the safeguarding of assets, the operation of adequate internal controls and systems, ensuring that adequate financial accounting controls and processes exist, the annual financial statements, as well as overseeing that statutory and regulatory requirements are met on an on-going basis.

The Audit Committee also served as the Performance Committee of the Cape Winelands District Municipality and in that respect evaluates and approves the quarterly reports from Internal Audit on performance as prescribed by legislation.

The Head of Internal Audit attended and reported at all quarterly meetings of the Audit and Performance Committee. The Cape Winelands District Municipality's risk management function, performance management function and ICT function were also represented at all committee meetings.

Executive Directors attended all meetings. National and Provincial Treasury and the Auditor-General have a standing invitation to all committee meetings.

### 3. DUTIES PERFORMED

During the financial year ended 30 June 2016, the Audit and Performance Committee convened six times to discharge its statutory responsibilities. As an overview only, and not to be regarded as an exhaustive list, the committee carried out the following duties:

#### 3.1 ANNUAL FINANCIAL STATEMENTS

3.1.1 The Audit and Performance Committee evaluated the 2015/2016 financial statements and the Auditor General's Audit report. The Cape Winelands District Municipality received a Clean Audit Report from the Auditor General for 2015/ 2016.

3.1.2 The annual financial statements for the year ended 30 June 2016 was reviewed by the Audit and Performance Committee on 29 August 2016.

#### 3.2 ANNUAL REPORT

In addition to the annual financial statements, the Audit and Performance Committee have reviewed the annual report for the financial year ended 30 June 2016.

The Annual Reports for 2015/2016 demonstrates the municipality's ability to report on all aspects of performance for the aforementioned periods.

The draft Annual Reports for the year ended 30 June 2016 was reviewed by the Audit and Performance Committee on 29 August 2016 and to submit any comment thereof to management.

#### 3.3 EFFECTIVENESS OF INTERNAL AUDIT FUNCTION

The Head of Internal Audit has a responsibility to the Audit and Performance Committee and has direct access to members of The Committee as well as the Chairperson of The Committee. The Head of Internal Audit reports functionally to the Chairperson of The Audit Committee and administratively to the Municipal Manager.

**The Committee:**

- Reviewed and approved the internal audit annual risk based audit plan for the 2016/2017 financial year and verified that it addressed the full spectrum of risk that was identify during the risk assessment that was completed in May 2016;



- Evaluated the independence, effectiveness and performance of the internal audit function and that the internal audit function has the necessary resources, standing and authority in the organization to discharge its duties which was found to be satisfactory;
- Reviewed and considered the quarterly reports from the Head of Internal Audit in respect of the progress made on the annual audit plan and of findings from internal control reviews;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;
- Reviewed and approved nine audit reports;
  - Supply Chain Management (This audit started in June 2014 and completed in July 2015)
  - Leave review for 2015/2016
  - DORA review for 2015/2016
  - MFMA Compliance review for 2015/2016
  - Supply Chain Management for 2015/2016
  - Leave review (Special Request)
  - OHASA review for 2015/2016
  - Communication review for 2015/2016
- The planned audits for 2015/2016 were completed in a satisfactory manner.
- In this regard the Audit and Performance Committee wishes to express its appreciation to the internal audit team.

The Internal Auditor resigned in September 2015 and the post was filled in June 2016.

An Intern was appointed in the Internal Audit section until 30 June 2017.

### 3.4 PERFORMANCE MANAGEMENT

The Audit and Performance Committee is satisfied that the municipality was in compliance with all statutory requirements and performance management best practice and standards.

- The Audit and Performance Committee reviewed and is satisfied that there is alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Performance indicators and targets which relate to strategic objectives are specific, measurable, achievable, and relevant.
- The quarterly performance management audits were done by the Cape Winelands District Municipality's internal audit function and submitted to the Committee.



- In total, four quarterly Performance Management System reports were submitted to the Audit and Performance Committee for approval.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto.
- Internal Audit made one process improvement recommendation on evidence that was supplied which were not actually smart and therefore it was change that the actual documents that was submitted to council be uploaded on the performance system

### 3.5 RISK MANAGEMENT

The Audit and Performance Committee is responsible for determining the nature and extent of the significant risks the Cape Winelands District Municipality's has to manage in order to achieve its strategic objectives.

**The committee:**

- Reviewed and ensured that the Internal Audit Plan is aligned to the risk profile of the CWDM;
- Reviewed the Fraud And Risk Management Committee's quarterly reports;
- Reviewed the Fraud and Risk Committee's charter that has been approved by Council.
- The committee fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.
- Reviewed the amended fraud policy prior to submission for approval to Council.
- Reviewed the 2016/2017 financial year risk register which include the combined assurance plan.

The Audit and Performance Committee is satisfied with the effectiveness of the risk management processes and systems through the Fraud and Risk Management Committee (FARMCO) which was establishment and is functional. Identified risks were mitigated to the acceptable level. Monthly monitoring reports are submitted to Management.

The risk manager resigned in January 2016 and the Chief Audit Executive assist Mr Nieuwoudt until the new risk manager started on 1 June 2016.

### 3.6 INTERNAL CONTROL

The Audit and Performance Committee provided an objective overview of the operational effectiveness of the Cape Winelands District Municipality's systems of internal control.

From the various reports of the internal audit unit, the reports on the annual financial statements by the Auditor-General and the Auditor General's management report, it was noted that no matters were reported that indicated any material deficiencies in the system of internal controls or any deviations there from.

### 3.7 EFFECTIVENESS OF GOVERNANCE

The Audit and Performance Committee reviewed the performance report of the municipality and the Audit and Performance Committee is satisfied with effectiveness of governance on the basis that performance of Senior Managers was assessed during the year.

### 3.8 IT GOVERNANCE

The Audit and Performance Committee is responsible as an independent advisory body to advice on Information and Technology matters and is closely monitoring the progress and implementation of the Municipal Corporate Governance of Information and Communication Technology Framework.

The Audit and Performance Committee also reviewed the ICT Committee's quarterly reports.

The ICT Manager have to report to the Audit and Performance Committee on a quarterly base the progress that were made on the Auditor-General and Internal Audit findings.

The ICT Managers post were vacant for more than a year. The ICT Manager were appointed and started her duties on 1 June 2016.

### 3.9 COMBINED ASSURANCE FRAMEWORK

Formal engagements occurred between the Audit and Performance Committee, Management, Council, Internal Audit and the Auditor General during the year. These engagements continue to be regularized and developed in order to strengthen and enhance the combined assurance model of the municipality.

The combined assurance framework was approved by the Audit and Performance Committee for the 2016/2017 financial year.

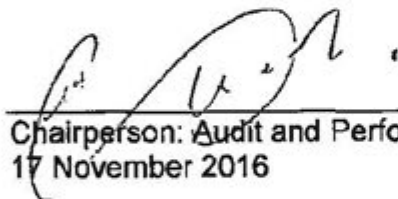
#### 4. AUDITOR-GENERAL

The Audit and Performance Committee has met with the Auditor General to discuss the audit plan, strategy and presentation of their final draft audit report for the 2015/ 2016 financial year.

The Audit and Performance Committee concurs with and accepts the conclusions of the

Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements and the reported predetermined objectives be accepted and read together with the report of the Auditor-General.

The Audit and Performance Committee will monitor the progress and implementation of the recommendations made by the Auditor-General to management.



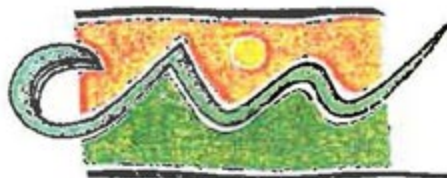
Chairperson: Audit and Performance Committee  
17 November 2016



**CHAPTER 9: OVERSIGHT REPORT AND COUNCIL APPROVAL**

Refer to annexure attached.





22 March 2017

**OVERSIGHT REPORT REGARDING THE 2015/2016 ANNUAL REPORT OF CAPE WINELANDS DISTRICT MUNICIPALITY (CWDM)**

**1. OBJECTIVE**

To submit to Council, in terms of Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), the Oversight Report on the Annual Report, covering Cape Winelands District Municipality (CWDM) in respect of the 2015/2016 financial year.

**2. BACKGROUND**

The 2015/2016 Draft Annual Report was tabled in Council on 26 January 2017, reporting on the Cape Winelands District Municipality's performance for the period from 01 July 2015 until 30 June 2016.

By doing so, Council complied with Section 133 of the MFMA which stipulates that the Executive Mayor must table the Annual Report in Council within 7 months after the end of the financial year, i.e. by the end of January 2017.

The Council of the Cape Winelands District Municipality (CWDM) is furthermore required to engage with, and finalise the Annual Report within 9 months after the end of the financial year, which is before 31 March 2017.

The process for the finalisation and approval of the 2015/2016 Annual Report is set out in the table below:

Activity Description	Provision	Target
Preparation of annual financial statements of the municipality and submission to the Auditor-General	MFMA Section 122(1)(2)	31 August 2016
Receipt of final audit report from Auditor-General	MFMA Section 126(3)(b)	30 November 2016
Tabling of Draft Annual Report in Council by Executive Mayor	MFMA Section 127(2)	26 January 2017
Allowing for comment by community and relevant state organs	MFMA Section 127(5)(a) & (b)	End February 2017
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)	30 March 2017



Activity Description	Provision	Target
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)	30 March 2017
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)	04 April 2017
Communication of final Annual Report / Oversight Report (Website, hard copies and other mediums)	MFMA Section 129(3)	04 April 2017

A copy of the 2015/2016 Annual Report has been attached under a separate cover, **Annexure "A"**.

### 3. OVERSIGHT REPORT

The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Executive Mayor, and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the financial year.

The Oversight Report is considered to be a report of the Municipal Council. After tabling the 2015/2016 Draft Annual Report on 26 January 2017, in line with Section 127(5) of the MFMA, Cape Winelands District Municipality (CWDM) allowed for public comments regarding the 2015/2016 Annual Report from 31 January 2017 until 28 February 2017.

The Annual Report was made available on Council's website, and also to the six Municipal Offices (Stellenbosch, Worcester, Paarl, Ceres, Montagu and Robertson). In addition, the Draft Annual Report was made available to the following offices:

- The Office of the Auditor-General
- The Provincial Treasury
- The MEC for Local Government

The Acting Accounting Officer (Acting Municipal Manager) of Cape Winelands District Municipality attended the Council meeting on 26 January 2017 where the Annual Report was discussed. The Accounting Officer (Municipal Manager) will attend the MPAC meeting on 30 March 2017 where the Oversight Report will be discussed and approved.

#### 4. KEY COMMENTS AND RESPONSES

Circular 32 of the National Treasury recommends that the summary of key issues raised by the community, Auditor-General and other spheres of government, be detailed in the Oversight Report. In addition, the Circular proposed that responses to questions raised in written representations be captured in the Oversight Report. This section summarises the key questions and comments from the Auditor-General, the District Municipality's Audit Committee, the Council, as well as the responses by the District Municipality's Executive Management.

##### 4.1 AUDIT OPINION ON THE FINANCIAL STATEMENTS – AGSA Report Annexure "C"

###### (a) Paragraph 6 of the AG's Report:

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Winelands District Municipality as at 30 June 2016 and its financial performance and cash flows for the year ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

###### (b) **Emphasis of Matter**

###### Paragraph 7 of the AG's Report:

I draw attention to the matter below. My opinion is not modified in respect of this matter.

###### (c) **Restatement of Corresponding Figures**

###### Paragraph 8 of the AG's Report:

As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during the 2015/2016 financial year in the financial statements of the Cape Winelands District Municipality at, and for the year ended, 30 June 2015.

###### (d) **Underspending of capital budget**

###### Paragraph 9 of the AG's Report:

As disclosed in the statement of comparison of budget and actual amounts on page 11 and in note 46 on page 83 of the financial statements, the municipality only spent R4,744 million of its finally approved capital budget of R11,017 million (43%) during the year. As indicated, the underspending was mainly as a result of non-responsive bids as well as time constraints since most of the fire-fighting equipment

is specialised and can only be purchased abroad, resulting in unforeseen delays.

**(e) Additional Matters**

Paragraph 10 of the AG's Report:

I draw attention to the matters below. My opinion is not modified in respect of these matters.

**(f) Unaudited supplementary information**

Paragraph 11 of the AG's Report:

The supplementary information set out on pages 88 to 95 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion thereon.

**(g) Unaudited disclosure notes**

Paragraph 12 of the AG's Report:

In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirements did not form part of audit of the financial statements and, accordingly, I do not express an opinion thereon.

## **4.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Paragraph 13 of the AG's Report:

In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.



##### Paragraph 17 of the AG's Report:

I did not identify material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:

- Strategic objective 1: To create an environment and forge partnerships that ensures the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environmental and social infrastructure investment.
- Strategic objective 2: Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities.

##### **(a) Unaudited disclosure notes**

##### Paragraph 19 of the AG's Report:

Refer to the annual performance report on pages 44 to 46 for information on the achievement of planned targets for the year.

##### **(b) Adjustment of material misstatements**

##### Paragraph 20 of the AG's Report:

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for

##### Strategic Objective 1:

To create an environment and forge partnerships that ensures the health, safety, social and economic development of all communities including the empowerment of the poor in the Cape Winelands District through economic, environmental and social infrastructure investment.; and

##### Strategic Objective 2:

Promoting sustainable infrastructure services and a transport system which fosters social and economic opportunities.

As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

**Paragraph 21 of the AG's report:**

I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA

**4.5 INTERNAL CONTROL****Paragraph 22 of the AG's report:**

I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

**4.6 MANAGEMENT COMMENTS ON AG'S REPORT**

See audit action plan attached as **Annexure "D"**.

**4.7 KEY COMMENTS: COMMUNITY AND ORGANS OF STATE**

No comments were received from the community, the Provincial Treasury and the MEC for Local Government.

**4.8 KEY COMMENTS: COUNCIL**

Minutes of the Council Meeting of 26 January 2017 is attached as **Annexure "E"**.

**5. LEGAL AND CONSTITUTIONAL IMPLICATIONS**

The 2015/2016 Annual Report and Oversight Report have been prepared in compliance with the provisions of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA) and conform to the guidelines in Circular 32 issued by National Treasury.

## **6. COMMUNICATIONS IMPLICATIONS**

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The full text of the 2015/2016 Annual Report and Oversight Report will be distributed to the MEC: Local Government, Provincial Treasury, the Auditor-General and Provincial Legislature. The full text will also be published on Cape Winelands District Municipality's website.

## **7. RECOMMENDATION: That -**

- (a) Council, having considered the 2015/2016 Annual Report of the Cape Winelands District Municipality (CWDM), adopts the Oversight Report in terms of section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA);
- (b) The 2015/2016 Annual Report of Cape Winelands District Municipality (CWDM) be approved without reservations, in terms of section 129 of the MFMA;
- (c) The minutes of the meetings where the Annual Report was discussed, in the presence of the Accounting Officer be submitted to the Auditor-General, the Provincial Treasury, and the Western Cape Department of Local Government, as attached to the report, in terms of Section 129(2) of the MFMA;
- (e) The 2015/2016 Oversight Report of Cape Winelands District Municipality be made public in terms of Section 129(3) of the MFMA and be submitted to the Western Cape Legislature in terms of Section 132(2) of the MFMA.

Yours faithfully

  
.....  
**COUNCILLOR BB NTSHINGILA**  
**CHAIRPERSON**

30 March 2017



